

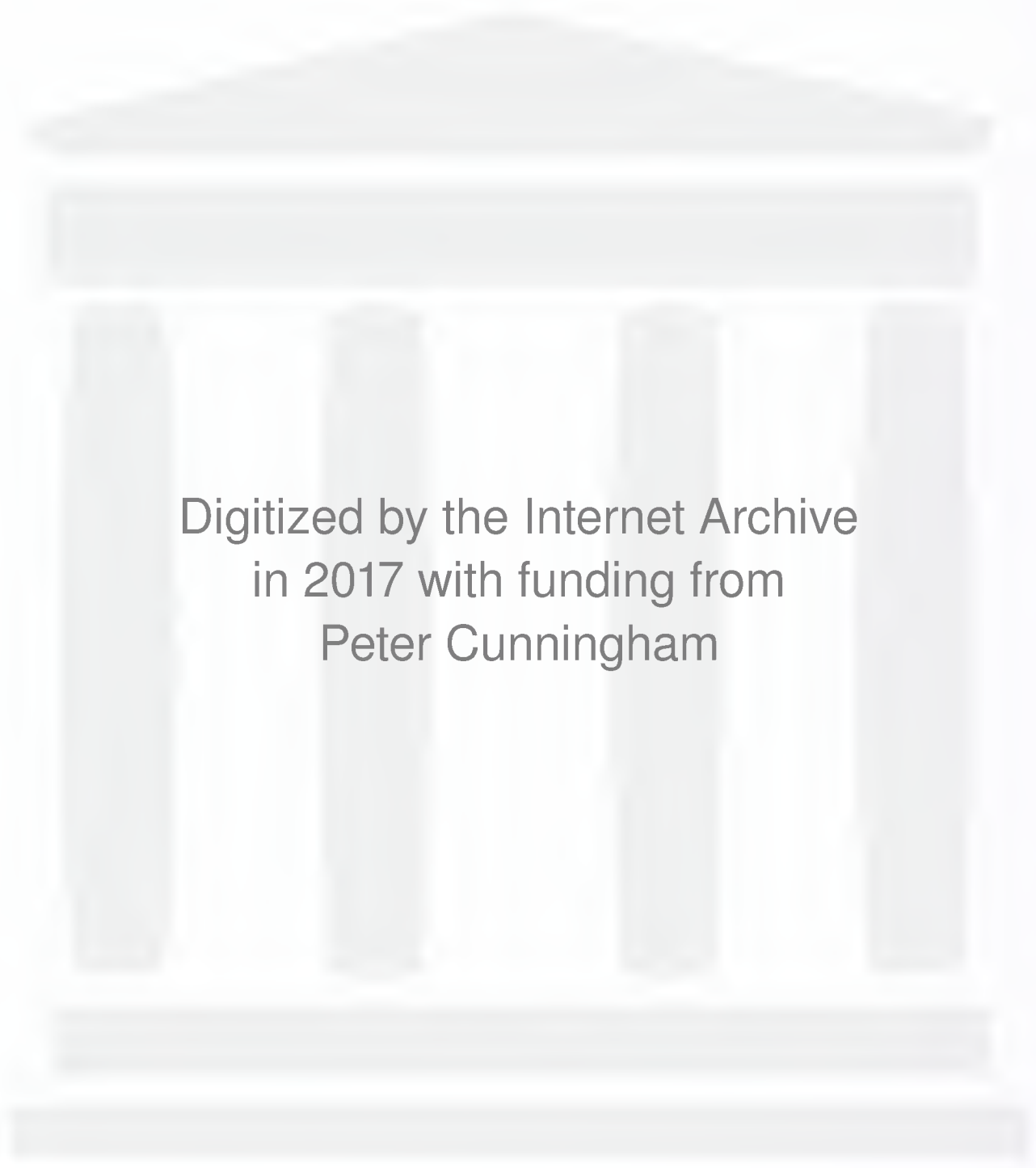


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CUSTOMER SERVICES PROGRAMME – EUROPE

VENDOR PROFILES

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Company Profile

A Publication from INPUT's Customer Services Programme – Europe

August 1994

Cray Communications Repositions as LAN Service Provider

Equipment vendors currently challenging for business in the booming network services market face strong competition from network equipment specialists, independent maintenance organisations and product distribution firms.

Of the network equipment specialists, global operator (and UK leader) Cray Communications is making an impact by aggressively targeting opportunities in the LAN services area. Over the last two to three years they have re-orientated their core business away from WAN equipment and services, towards LAN support and the provision of network management services using their DomainView product.

This profile looks at how Cray Communications is approaching the network services market, and specifically examines:

- How Cray are changing their business to target new service opportunities
- Cray's network service capability

- Cray's strategic focus on LAN management services

Rapid Refocus Pays Dividends

Three years ago, 85% of Cray Communications' service business was traditional maintenance of WAN-related equipment, the other 15% being derived from associated professional services. However, at the beginning of the 90's, the company began to feel the effects of decline in the equipment market. They were heavily dependent on a faltering market, and their sales growth was incapable of making up for the attrition of their installed base.

Cray's solution was to reposition their business, moving away from a traditional break/fix orientation, towards one of *network support*. At the same time, Cray took the strategic decision to address the rapidly expanding LAN services market. Exhibit 1 shows how the business is being transformed, with LAN services now set to overtake WAN services as the largest part of Cray's business.

Cray's Network Service Capability

Cray have made significant investments to develop their service delivery infrastructure, such as the training of 50 engineers to handle hardware from a variety of manufacturers including Wellfleet, Cisco, Synoptics, 3Com, Cabletron, Proteon and Retix.

Cray handle first and second line support functions, though they have established close alliances with the manufacturers or their agents to establish third line support capability.

Marketing Manager David Thackeray believes that close control over the support delivery is a key part of Cray's strategy. He says "the optimum route for providing support to our clients is to do it ourselves rather than use different channels. That way we have total control over customer satisfaction, which is the key indicator of success". However, he acknowledges the necessity of strong third line agreements, saying "while we aim to retain maximum control, we have to recognise that we are operating in a multivendor business. Hence, we have spent around £150,000 with OEMs to provide essential back-up". Cray have also invested £250,000 on spares to support their multivendor contracts.

Currently, Cray provides contract management and network support, though the support of PCs and network applications is carried out by partner organisations. However, Thackeray anticipates that Cray are likely to take the logical step to becoming PC support providers themselves.

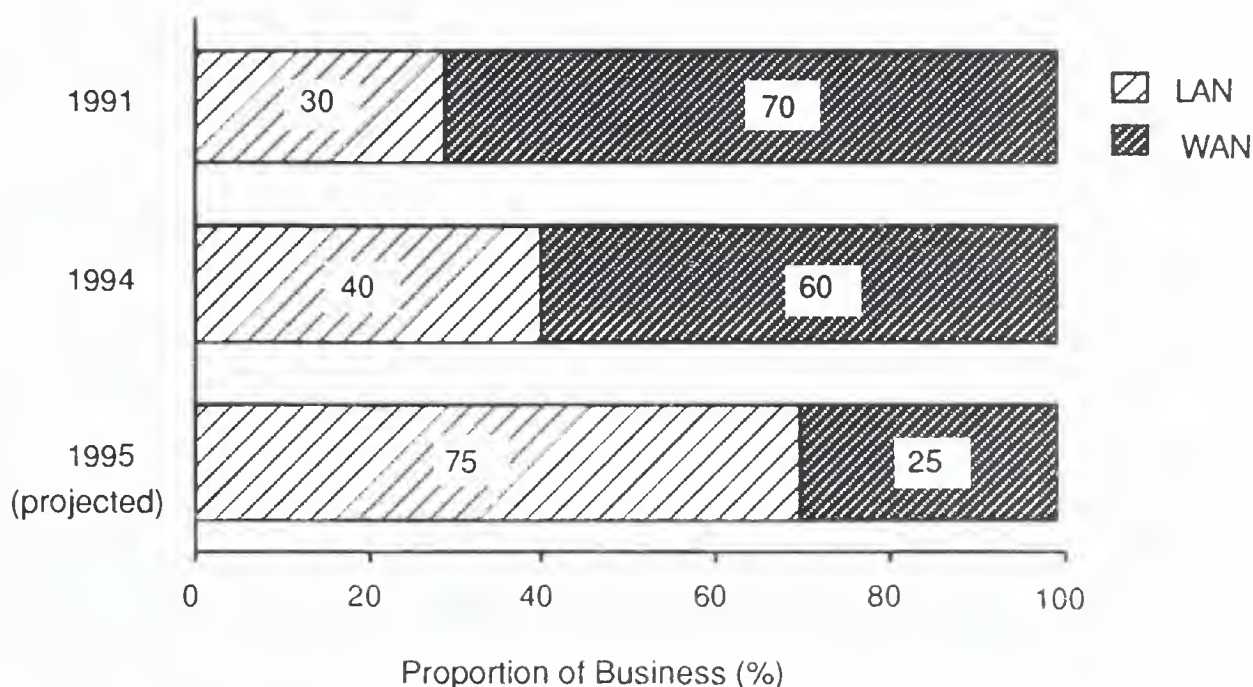
Standard network service terms include 30 minute call-back, 60 minute telephone problem resolution, 3.5 hour response and less than two hour fix time.

Today, Cray Communications' service business has a turnover of \$26 million, 50% of which is attributable to LAN-related services. They claim to have the biggest service organisation of any UK network specialist company, with 300 staff in the UK Customer Support operation.

Cray now intend to build on their UK success and reputation, and extend their market presence into Europe and the U.S. Thackeray believes that the company is well positioned to succeed because of the strength of their UK support infrastructure, coupled with consistently impressive customer satisfaction ratings compared to their nearest rivals.

Exhibit 1

Cray Communications' Transition from WAN to LAN Services



Multivendor LAN Management Focus

Cray are currently targeting multivendor LAN environments, and are promoting their DomainView LAN management product as the key element of their marketing strategy. Cray aims to win business by appealing to organisations' desire to deal with a single source of supply for network management and support.

Cray hopes to capitalise on the fact that many organisations are currently struggling to manage LANs which have grown up independently and are difficult to integrate. Cray are therefore emphasising the importance of *internetworking* solutions which enable organisations to maximise their return on existing network

infrastructures before making further large scale investments. Cray also offer the following services:

- Multivendor network support
- LAN systems support
- Project management
- Education and training
- Design
- Performance monitoring
- Disaster recovery services.

Cray have responded well to the shift away from traditional maintenance services, and have successfully switched focus to the high growth LAN service markets. They

have moved fast to develop a service portfolio which reflects substantial internal reorganisation and reskilling, but which builds on traditional strengths and reputation.

While not all service organisations can be expected to respond as effectively, Cray Communications are nevertheless a good example of the kind of competition equipment vendors can expect to encounter in this keenly contested market.

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Company Profile

A Publication from INPUT's Customer Services Programme – Europe

September 1994

Wang U.K. Reorganises for Multivendor Services

In the last few years Wang has been focused on making the transition from manufacturer of proprietary midrange systems, to a software and services company. The extent of the transition is reflected within Wang U.K. Limited, where 400 out of a total of 630 employees now work in the Customer Services Organisation (CSO).

This profile reviews Wang U.K.'s development as a services business, and in particular:

- The new organisational structure, and the central role of CSO
- The strategic business units within the organisation
- Wang U.K.'s emphasis on multivendor hardware and software support and networking services.

Customer Services Dominate New Organisation

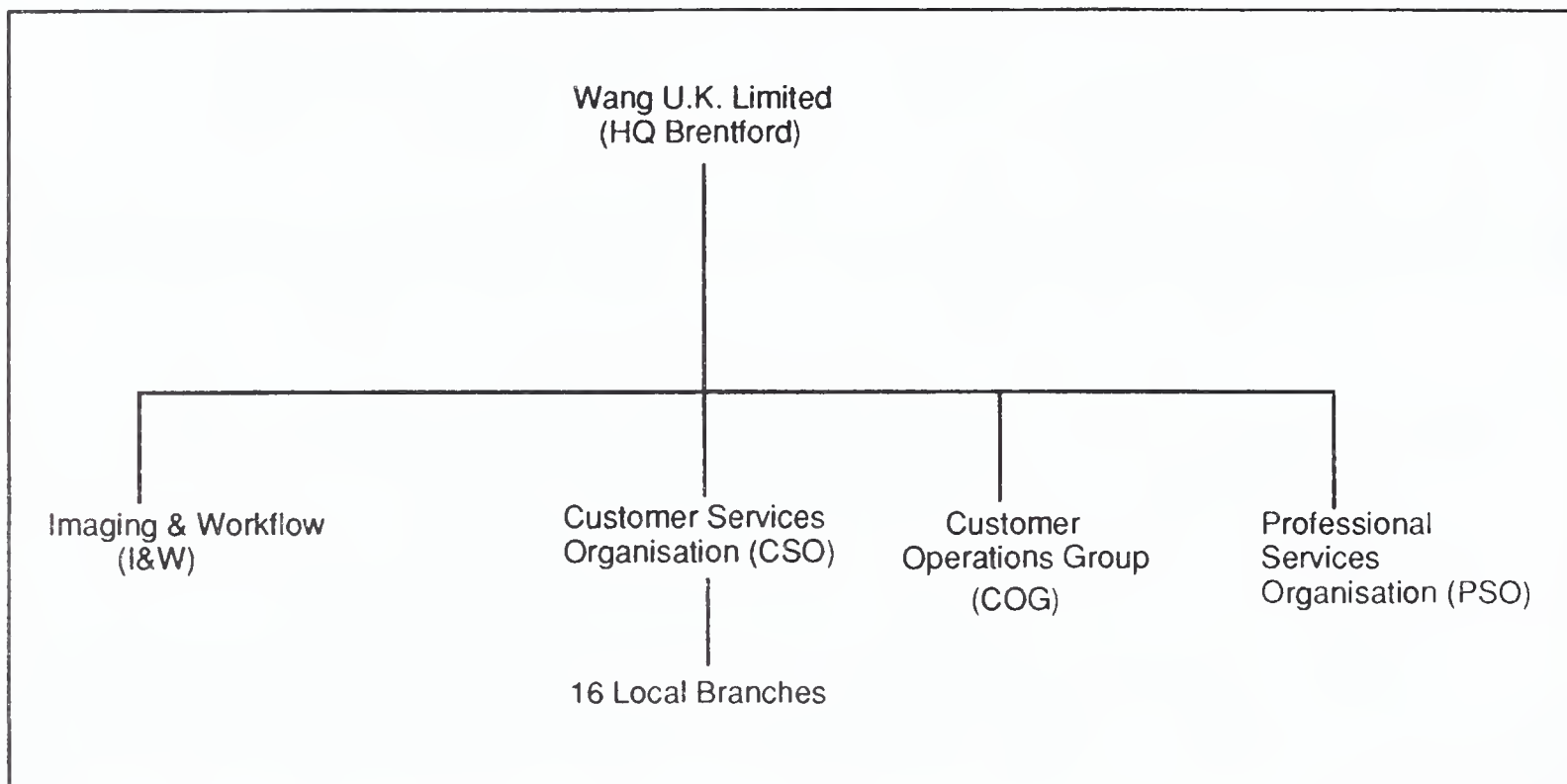
Wang U.K.'s new organisation is shown in Exhibit 1. The organisation maps onto the demographics of the existing customer base, and resource is allocated geographically.

The key element of the U.K. organisation is CSO, which services 2,000 customers. CSO's operations are split into 16 geographical branches to provide local service presence and focus.

Of the 400 staff within CSO, 300 are hardware/software engineers and technical support specialists; the latter group is made up of Call Control staff, Logistics staff and Branch and Regional Managers.

Exhibit 1

Wang U.K. Organisation



Source: INPUT

CSO offer a total service solution based on a single point of contact for the customer. The emphasis is on providing solutions at every stage of the systems life cycle - development, implementation and support.

CSO's service portfolio is backed up by a fully implemented Quality System (BS EN ISO 9000) against which performance is monitored. Across the U.K., Wang offers a 4 hour response contract as standard. Response can be tailored from resident on-site engineer, to a 4 day swap-out covering all supported products.

Wang claims to respond to 95% of all calls within 4 hours, and 99% within 7 hours. When a system is down, average response to site is less than 45 minutes in the London area. From point of call to fix, independent audits assess that 83% of all calls result in complete repair within 6 hours.

Two other groups within Wang U.K.'s new organisation are focused on customer accounts and relations: Imaging & Workflow Group and Customer Operations Group.

Imaging & Workflow Group (I&W) focuses on the specific needs of key customers who are in the process of adopting open systems solutions. I&W defines a specific transition path for each customer, to protect their existing investment in Wang technology, and to ensure optimum return from investment in open systems. Underpinning the work of this group are a number of strategic partnerships with leading manufacturers such as IBM, Hewlett-Packard, Microsoft and Novell.

Customer Operations Group (COG) COG is the first-line contact point for customers who need information about Wang's products and services.

All queries made to this group are logged and tracked through to resolution.

Wang's Strategic Businesses

Wang has developed its business strategy in three principal areas:

- LifeCycle Customer Services
- OEM Maintenance Services
- Open Applications Software.

LifeCycle Services include the following:

- Multivendor on-site and warranty support
- Systems integration
- Network management services
- Disaster recovery
- Open application help desk
- Facilities management
- Corporate education.

The key aim of the LifeCycle strategy is to "support customers with services as they develop, implement and require support for new technology". Major international customers include Ford of Europe, C.T. Bowring, Quilter Goodison, and Deutsche Bank.

OEM Maintenance Services is a vital business for Wang U.K. The company has invested heavily to provide comprehensive warranty services to key manufacturers such as AST, Samsung, Kyocera and Commodore Business Machines. Key to the OEM support operation has been the development of specialist systems which enable consistent engineer scheduling and tracking throughout the repair process.

As part of its *Open Applications Software* business, Wang has developed a suite of applications combining traditional expertise in office productivity with Wang's leading imaging capability. The result is a suite of platform-independent client/server software tools, which can be delivered to the customer base under the terms of a Wang/Hewlett-Packard partnership agreement.

Wang's Open/image architecture enables customers to implement Document Image Processing (DIP) solutions across a wide range of operating systems and networks.

Wang's Multivendor Approach

Wang have positioned themselves as a one-stop shop for the provision of services covering a wide range of multivendor systems - LANs and servers, desktop systems, specialist workstations, peripherals, communications, midrange systems and even mainframes.

Wang U.K. claims to be able to support all manufacturers' products "from Altos to Zenith", either directly or via registered subcontractors. This all-encompassing approach defies the weight of evidence which suggests that *specialisation* is the more effective approach to multivendor services. However, Wang believes that its core hardware and software service staff, in conjunction with strategic partners from amongst the leading manufacturers and service providers, will together enable it to compete effectively in the multivendor services market.

The key elements of Wang U.K.'s multivendor business are:

- *Multivendor hardware support*, a growth area for the company, with 210 field engineers currently providing U.K.-wide coverage
- *Multivendor software support*, provided by 35 dedicated support engineers providing back-up support to the engineering base. In addition, there are 20 Product Response Centre staff providing high level support to all software problems which are escalated in the U.K. and Europe
- *Network support services*, providing a total network management service including technical support for Banyan and Novell operating systems
- *UNIX support services*, delivering service to customers running UNIX on RS/6000 and HP9000 equipment.

Summary

Wang U.K. intends to promote its image both as a systems integrator and as a provider of multivendor services, a fact which recent announcements of strategic alliances serve to confirm. For instance,

in an agreement with server specialist Netframe, Wang will resell all Netframe products including their range of superservers, and provide European-wide support and maintenance.

Wang has also recently entered into a service and reseller agreement with networking product manufacturer Fibronics. Under the agreement, Wang will carry out on-site servicing of Fibronics' equipment in the U.K. and will resell all its high-speed networking products.

Wang U.K.'s strategy reflects that of the parent company Wang Laboratories, which has emerged from bankruptcy with an aggressive new image as a player in the software and consulting business. An improved balance sheet, a strong technology reputation and key strategic alliances will all serve to help the company in its transition.

However, Wang also face steep challenges associated with the move into services, including cultural and competitive pressures. Furthermore, Wang must continue to work hard to preserve its existing customer base, which still accounts for the bulk of the company's revenues.

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Company Profile

A Publication from INPUT's Customer Services Programme – Europe

December 1994

Blue Chip Customer Engineering Limited

Blue Chip Customer Engineering Limited (Blue Chip) has persisted in its focus on the IBM mid-range maintenance sector, although it now offers service on PCs and associated peripherals. Maintenance services are provided on most of the mid-range IBM equipment from System 3x, AS/400 through to RS/6000 systems.

However, many customers are opting for maintenance from a single source for all of their computer equipment, and not considering companies for maintenance of individual ranges of equipment.

Background

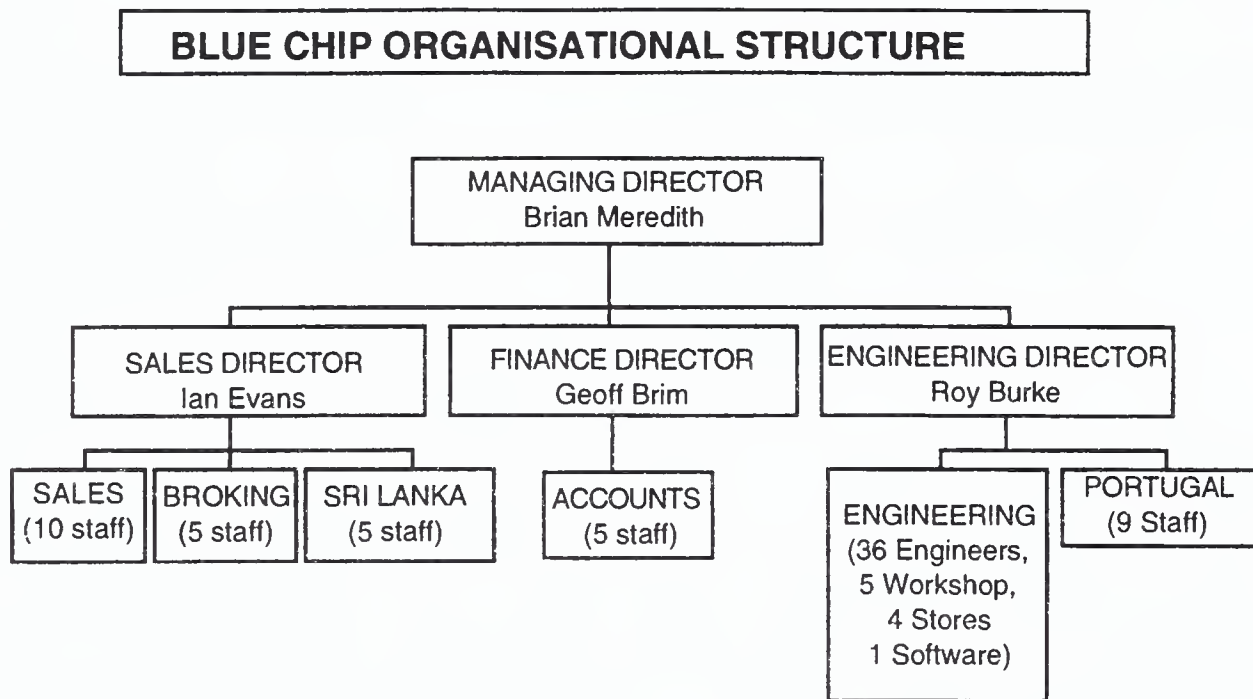
Blue Chip Customer Engineering Limited (Blue Chip) is a private limited company founded in 1987 by the current Managing Director and major shareholder Brian Meredith, to provide third party maintenance (TPM) services.

Blue Chip has a wholly-owned subsidiary operation in Portugal and is in the process of setting up another subsidiary operation in Sri Lanka.

The company has its origins in the acquisition by Granada of several Third Party Maintenance (TPM) companies in the late 1980s. Brian Meredith, formerly at Mainstay Computer Cover which was one of the acquisitions, moved from Granada Computer Services and set up Blue Chip.

In addition to providing maintenance services it also sells new and second-user equipment and upgrades. Approximately half of its revenues are earned from these product sales. The company organisational structure is shown in Exhibit 1.

Blue Chip Customer Engineering - Organisational Structure



Source: INPUT

Services and Strategy

Blue Chip offers traditional hardware maintenance contracts on IBM mid-range systems and on most PCs and their associated peripherals.

Standard service is available between 0800 - 1900, Monday to Friday, although critical items may be covered outside these hours. All engineers, with the exception of the workshop engineers, are home-based and contacted via pagers. The computerised call-control system determines which engineer to call and the source of the nearest spares which are shipped to site by couriers or taxis, as appropriate.

Differences from standard hardware maintenance contracts are:

- Unlike most, if not all, of its rival TPM companies, Blue Chip does not offer fixed-term contracts, but customers may simply terminate at 3 months notice at any time. Blue Chip believes this flexibility does not *trap* the customers, and quotes retention rates of 98%, as contracts do not come up for annual renewal and possible renegotiation
- Out of hours coverage is free of charge and the customer is asked only to call for assistance if the situation is specifically critical. Financial penalties are imposed if this is abused
- Disaster recovery services are included free of charge with hardware maintenance contracts.

To provide this latter service, Blue Chip has a disaster recovery centre at its Bedford

headquarters, fitted out with 4 AS/400 systems, a System 38 and a RS/6000-590 system and associated peripherals including three high speed printers.

Although this service is designed to provide short-term facilities for customers, not long-term disaster recovery capabilities, it is an important source of competitive advantage over much of the TPM competition.

Blue Chip does not offer software support contracts, but employs 1 full-time and 2 part-time contract staff to assist with problems on AIX, OS/400, RPG, Lan Manager and Lan Server software problems.

Its product sales operation provides a useful source of income and offers:

- New and used IBM mid-range equipment, PCS and associated peripherals
- A range of storage devices
- Cabling
- Upgrades.

Financial Performance

As a private limited company, Blue Chip does not have to reveal many financial details. INPUT believes that profits in the current financial year (1993/1994) are expected to be in the order of \$375,000 (£250,000) on revenues of \$9 million (£6 Million).

These compare with profits of \$300,000 (£200,000) on revenues of \$7.2 Million (£4.8 Million) in 1992/3.

Future Development

Blue Chip has existing skills in the IBM sector, which is the largest part of the maintenance marketplace, and has a loyal customer base. Blue Chip claims to have approximately 500 customers and a retention rate of 98%.

The management team of Blue Chip has spent many years in the TPM sector, and its Disaster Recovery service and free out-of-hours cover are sources of competitive advantage.

On the other hand, Blue Chip has very limited experience and expertise outside of the IBM mid-range marketplace, no mainframe expertise and little, if any, software expertise.

BlueChip is still a small operation when competing against the large multi-national organisations such as IBM, Granada and Sorbus, with a shortage of capital for expansion, acquisition or high value spares.

The expansion into other geographical areas, building on existing skills and expertise, which it has started in Portugal and Sri Lanka, could stretch its management resources.

There is scope for additional service or product offerings to existing customers. This may have to include charging for some services that are currently provided free of charge.

The maintenance market is increasingly price competitive with pressure from both the TPM companies and from computer manufacturers who have radically altered their pricing, most notably from IBM in the AS/400 arena.

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Additionally many customers are opting for maintenance from a single source for all of their computer equipment, and do not consider companies for maintenance of

individual ranges of equipment. These multivendor services represent the movement to *open services* that has followed the shift to *open systems*.

Company Profile

A Publication from INPUT's Customer Services Programme – Europe

December 1994

ITM France Remains Focused on IBM Maintenance Market.

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ITM France SA has persisted in its focus on the mainframe and mid range IBM (and compatible). This suggests PC's maintenance sector, although the French operation also offers support on PCs.

ITM sees little need to diversify into offering total support or servicing other manufacturer's products, unlike many of its rivals. Its share of the IBM market is still low but it sees further opportunities for expansion without the need for diversification.

Background

ITM France SA is a private limited company. It is owned by Ciclad, the venture capital arm of the French bank, Credit Lyonnais, the founders Daniel Schneider, David Donovan and the employees.

It has a wholly-owned subsidiary operation in the UK and owns 80% of its subsidiary in Belgium. The remaining 20% of the latter is owned by the Belgian Manager, Claude Guilleman.

The company has its origins in the Plug Compatible Marketplace (PCM), when companies such as Memorex and Telex introduced alternative products for IBM mainframes.

In 1976, Sun Computer Maintenance was formed to service IBM systems and PCM equipment. In 1985, Sun Computer Maintenance was acquired by the leasing group IBL plc, which in turn was acquired by the Swiss-owned Inspectorate Group in 1987.

Inspectorate had previously bought United Leasing which it renamed Meridien. IBL and Meridien were consolidated and the maintenance activities reformed as Meridien Computer Engineering (in the UK) and Ingenierie Technique Maintenance SA (in France).

In 1989, with the help of Ciclad Investissements, and a favourable French government backed financing scheme, a management buy-out was arranged and ITM was formed.

Services and Strategy

ITM is focused on the provision of hardware maintenance for the IBM and compatibles marketplace, however, the French operation provides service on PCs, an avenue not yet taken by the UK and Belgian operations. There is little indication that the UK will follow this route in the short-term.

The range of IBM equipment maintained is comprehensive and includes:

- ES 9000 and 3090 mainframes
- The earlier 308x and 43xx mainframes
- RS/6000 servers and workstations
- The AS/400 mid-range systems
- Systems 36 and 38.

Service coverage is available *around the clock* with varying response levels. ITM believes its commitment to *Performance Related Contracts* for its customers is an increasing trend and many of its TPM competitors will be forced to offer a similar service in the future, if they do not do so at present.

These contracts offer a Service Level Agreement (SLA) with a rebate for non-performance against the contracted commitments.

In addition to hardware maintenance, ITM offers a variety of other complementary services to its customers, including equipment configuration, installation, de-installation and supply and fitting of features. Product sales accounted for approximately 12% of the revenues of ITM France in 1993 (15% in 1992).

Remote diagnostics (similar to the IBM RSF offering) is available on the larger systems. ITM does not provide software support itself, although it may direct customers to suitable software houses, if required.

The UK operation estimates that its revenues are split 50/50 between mainframes and mid-range systems. Details are not available of the split in France.

In common with many companies in the TPM sector, key to its marketing is the ability to offer lower charges than the original

manufacturer, in this case IBM, and the ability to tailor contracts precisely to customers' requirements.

ITM's very careful control of costs, the minimisation of overheads and the low number of administrative staff combine to provide a very tightly run operation.

Purchase of computer equipment and spares are carefully controlled, with many obtained on a *Just In Time* basis. These purchases form a low percentage (approximately 20% in France and 11% in the UK) of total expenditure.

ITM Limited gained BS5750 accreditation in July 1993, and regards quality of service as an important attribute in its fight against other TPM competitors. Disciplinary action, including threats of dismissal, may be taken against staff infringing quality procedures.

Few of its major competitors, except IBM itself, Sorbus and Granada, have attained this quality accreditation.

ITM is organised on a country basis, with local sales and repair staff in addition to engineering.

In France ITM has offices in principal towns, and can provide service coverage over a wide geographical area. Of the 154 employees in France, 120 are engineers.

The UK's office near Heathrow Airport, provides centralised call-handling and call-despatch facilities for England and Wales, with engineers contactable via pagers. The 25 engineers either work from home or the head office. Spares are strategically positioned around the country in a network of stores managed by a commercial warehousing company.

Exhibit 1.

**ITM Financial Performance
(Calendar Years)**

Country		1991	1992	1993
France	Revenue	11.8	16.5	17.9
	PBIT	0.7	0.3	0.8
United Kingdom	Revenue	1.9	2.4	3.5
	PBIT	0.1	0.1	0.1
Belgium	Revenue	0.5	0.8	1.3
	PBIT	-0.3	-0.3	0.0
TOTAL	Revenue	14.2	19.7	22.7
	PBIT	0.5	0.1	0.9

Source: INPUT

The Belgian office, situated near Brussels, provides coverage for Belgium and Luxembourg. This operation is relatively small, employing 6 staff of which 4 are engineers.

Customers in all countries come from a variety of business sectors, with no specific emphasis. In addition, ITM provides service on a sub-contract basis for several OEM companies.

Financial Performance

ITM has succeeded in growing and has remained profitable in the face of strong competition in difficult times. Its financial performance is summarised in Exhibit 1.

Assessment

The TPM market is still very price competitive both from the traditional TPM companies and from the computer manufacturers, including

IBM. Many customers are opting for maintenance from fewer sources for their computer equipment, and not considering companies for maintenance of individual ranges of equipment.

ITM has existing skills in the IBM sector, the largest part of the maintenance marketplace, and a sizeable and loyal customer base, especially in France and England. However it has very limited experience and expertise outside of the IBM marketplace, and little, if any, software expertise.

It has an experienced and skilled management team with tight financial controls and a sound quality philosophy and culture. Yet it remains a small operation when competing against the large multi-national organisations such as IBM, Granada and Sorbus. Capital for expansion or acquisitions would need to be funded via Ciclad or some other source.

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- Peer position

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Company Profile

A Publication from INPUT's Customer Services Programme – Europe

December 1994

Comma Data Service AS Expands Service Capability

Comma Data Service AS (Comma) has replaced declining revenues in the maintenance of proprietary Norsk Data products by increased revenues from other products. In addition, it has acquired the disk drive repair company Norman Magnetics and grown its repair capabilities.

The company is now expanding its service operation to encompass a wide range of activities, although hardware maintenance forms the greatest part of its operation.

Background

Comma has its origins in one of the success stories of the early 1980s, the minicomputer manufacturer Norsk Data (ND). The company expanded rapidly from its Norwegian base, acquiring office automation supplier Wordplex along the way.

At the end of the decade, in common with several other manufacturers, e.g. Prime, its fortunes plunged as users turned away from its proprietary hardware and migrated towards Open Systems.

In response Norsk Data hived off certain activities, including maintenance, into separate subsidiaries. At the time almost all of its service activities were focused on its own

products. In 1991 it sold its maintenance operations in most of mainland Europe to Thomainfor, part of Thomson CSF. The service operation in its heartland, Scandinavia, was retained, as was that in the UK. In addition, the Thomainfor operation in the UK was transferred to a new UK company, ND ServiceTeam Limited, with ownership shared between ND (85%) and Thomson (15%).

The UK operation, initially under the management of Richard Ferr'e (now of Granada) and subsequently with Clive Higgins (formerly of Granada), took the lead in establishing the company as a truly multivendor service operation.

The operations in the other countries followed the UK lead, albeit slowly at first. Several re-organisations and name changes later, the Comma Group has established itself as one of the leading multivendor TPMs in Scandinavia and the UK.

Recent changes include:

- Thomainfor has relinquished its share in the company
- Bull has signed a partnership agreement with Comma, under which it subcontracts hardware

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maintenance in certain regions to Comma and bids jointly on other large-scale projects

- The Sales Director of the successful UK operation, Colin Cook, has moved to Sweden, in an attempt to repeat the growth achieved in the UK.

Services and Strategy

The main aim of the company is to build upon its current expertise and to expand its single-source maintenance contracts. As this is a very price sensitive marketplace, it believes its skills in carrying out resource costing to be a very important source of competitive advantage.

In addition, network services are seen as offering substantial growth potential and the UK operation is leading the way in supporting mainland European operations in this area.

The UK company attained BS 5750 Part 1 quality accreditation in January 1992.

Hardware Maintenance

In the UK, maintenance of its proprietary Norsk Data and Wordplex products accounted for less than 16% of revenues in 1993.

In its transformation into a multivendor maintainer, the company offers maintenance on a range of platforms from mainframes to PCs. In the UK it has been particularly successful in winning large single-source contracts with Central and Local Government and British Telecom. Many of these contracts (especially in the UK) are for relatively long-terms, e.g. 5 or 7 years, allowing it to depreciate stock over a period of 5 years (also relatively long).

Contracts and response times are tailored to individual customer requirements and may

include 24 hours by 7 day coverage, if required.

Software and Network Support

Comma can provide support on a variety of software, including:

- Common PC application software, e.g. MS DOS and Windows
- TCP/IP and UNIX
- System software used on the hardware platforms it used to sell, i.e. Norsk Data and Wordplex systems
- Networking software; it claims to be supporting all types of network across Europe.
- Application software developed by Comma itself or by one of the companies it has purchased. In the UK it is specialising in software solutions for Local Government (ND UNI-form) and document imaging.

Network services offered include:

- Integration
- Consultancy and design
- Cabling and installation
- Support and maintenance
- Management
- Training.

Fourth Party Repair

Repair is carried out on a wide range of devices, especially disks. Approximately 10% of staff are stated to be employed in this activity.

Other Services

In addition to the other services described earlier, the company provides a number of bespoke services to customers under the banner of *Total Service Management*, including:

- Computer Management Operations
- Computer Management Operations
- Computer Management Operations
- Customised Solutions

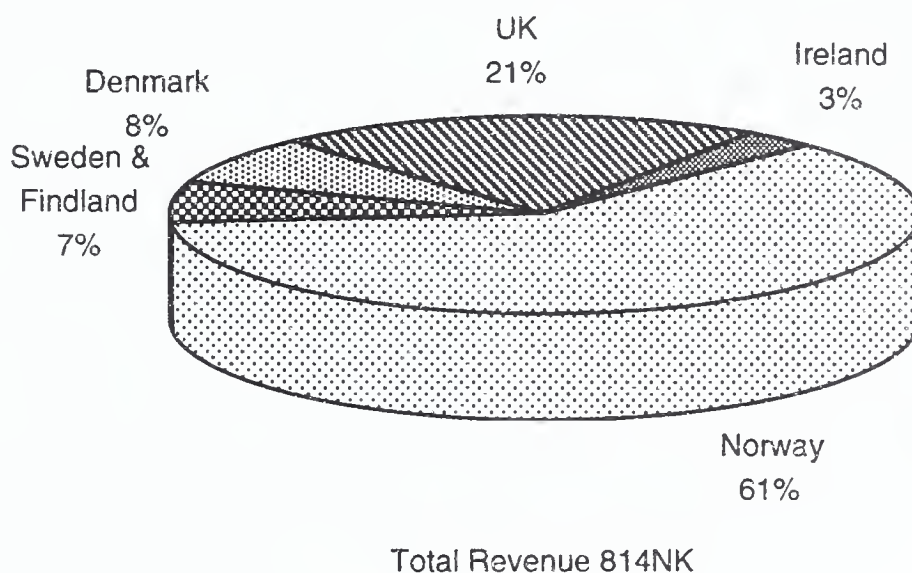
- Help Desk Management
- Software Development
- Disaster Recovery
- Systems Integration
- Desktop Facilities Management.

Financial Performance

With the many changes in the company in recent years, it is difficult to make valid year on year comparisons. Figure 1 shows an analysis of revenues by country for 1993

Exhibit 1

Comma Group—Revenues By Country



Source: INPUT

An Analysis of Comma's Annual Report (14th June 1994) shown in Exhibit 2 indicates the extent to which the company has migrated from dependence upon maintenance of

proprietary products towards an environment where the majority of its revenues are from independent maintenance.

Comma-Sources of Revenues

Source		1991	1992	1993	1994
Proprietary	Scandinavia	89	70	50	NA
	UK	30	21	16	NA
	Group	NA	NA	35	25
Other	Scandinavia	11	30	50	NA
	UK	90	79	84	NA
	Group	NA	NA	65	75

NA = Not Available

Source: INPUT

Future Development

Comma has a sizeable and growing presence in the independent marketplace in most of the countries it operates in, and is a leader in the Scandinavian market. It has long-term contracts with some major customers, e.g. Central and Local Government in the UK.

However, the UK Central and Local Government markets are most price-sensitive with many of the contracts being awarded by tender to the lowest price maintainer.

The TPM market continues to get ever more competitive. The computer manufacturers, especially Digital, IBM and ICL (in partnership with Sorbus) are now targeting this marketplace aggressively and maintenance

prices continue to decline. However, Comma has succeeded in signing a Co-operation Agreement with Bull.

Comma is still burdened with some of the problems from its earlier Norsk Data times, and has already disposed of its operations in many European countries to Thomson CSF. Thus it is still predominantly a UK and Scandinavian operation, with little expertise and staff in many other countries.

With the move of the UK Sales Director to Sweden, the small management team of Comma is spread even more thinly. Its challenges are to expand its market share in many of the countries already served, and to expand geographically, either alone or in partnership with other companies.

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Company Profile

A Publication from INPUT's Customer Services Programme – Europe

December 1994

IBM UK's Service Plus Ltd Targets Multivendor and Desktop Services

In April 1992, IBM UK formed Service Plus Limited, a dedicated service organisation with strategic objectives to:

- Provide high quality, cost effective multivendor solutions
- Reduce its cost structure by having the flexibility and autonomy of a smaller company
- Grow IBM's multivendor services capability.

Service Plus represents IBM UK's first direct attack on the multivendor services market, the clear intention being to gain market share by leveraging the benefits of IBM's extensive international facilities. Since its launch, Service Plus has quickly established itself as an important player in the UK multivendor market, having won several major contracts including managed desktop contracts for Unilever and BP Chemicals.

The three main strands of the Service Plus portfolio are:

- Maintenance Services, including multivendor maintenance of specialist

retail and financial equipment as well as general purpose workstations

- Support Services, including LAN management, recovery services and telecommunications
- Professional Services, including managed desktop services and consultancy.

Broad Multivendor Maintenance Capability

Service Plus equipment maintenance services can be divided into three target sectors: retail, finance and general purpose.

Maintenance of retail EPOS equipment includes terminals, scanners, cashdrawers, printers and peripherals from a variety of manufacturers. Retail customers include Safeway and Texas.

Service Plus provides maintenance to the finance industry via support of automatic teller machines (ATM) manufactured by IBM, NCR and Phillips. Current customers include several major UK building societies and The Royal Bank of Scotland.

General purpose maintenance capability includes many of the leading workstation manufacturers, including IBM, Compaq, Dell, Elonex, Ambra, Toshiba, Hewlett-Packard and Epson. Under a special agreement, Service Plus provides equipment and software support for Ambra PCs during the warranty and extended warranty periods.

Service Plus also includes the following services within its maintenance portfolio:

- Software management service, including maintenance level checks and associated consultancy services
- Customised installation services
- Equipment relocation services
- Equipment disposal services
- Services associated with the creation of multimedia kiosks (information points or points of sale in unmanned public access areas)
- Cabling and connectivity services for voice, text, data and image.

Support Services Focus on Networks

Service Plus includes the following in its support services portfolio:

- Telecommunication
- Information Network Services
- Recovery Services
- LAN Management

Service Plus is responsible for all of IBM's telephone installations and associated support in the UK, and aims to pass on the benefits of that telecommunications experience as a formal service offering to its customers. This takes the form of general consultancy,

helpdesk support and Customer Assistance & Switchboard Group (CASG) services.

Similarly, Service Plus offers Information Network (IN) services based on IBM's own commercial network service. Key elements of this service are Electronic Mail and Electronic Data Interchange (EDI) capabilities.

Recovery Services include disaster contingency planning, data and business recovery and Uninterruptable Power Supply (UPS) services.

Finally, LAN Management services include consultancy, health checks, logical and physical design, systems management and administration design services.

Professional Services Target Desktop Outsourcing

Within its Professional Services portfolio Service Plus offers consultancy, training and user support services (which includes personal and retail systems help desk services). However, the focus of Service Plus's professional services activities is the provision of Managed Desktop Services. Essentially an outsourcing service, Managed Desktop Services offers the following capabilities:

- Procurement
- Environmental services
- Implementation and installation
- Systems management
- Technical support
- Education and training.

By offering *stand-alone* desktop services outsourcing, Service Plus has established a niche within IBM UK, and complements the outsourcing activities of its sister organisation IBM ISSC.

Both ISSC and Service Plus operate in the desktop services outsourcing market. However, whereas ISSC tends to target wider IT outsourcing requirements (where there is significant transfer of assets and/or personnel from the client's organisation), Service Plus undertakes outsourcing contracts with the following characteristics:

- Minimal transfer of assets or personnel from the client
- Contract solely involves the operation and management of the desktop IT infrastructure
- Comparatively short buying cycle
- Client involvement limited to the IT Director (rather than non-IT executives, as is the case with ISSC).

Whereas ISSC offers outsourcing services encompassing mainframe, proprietary midrange, open systems, WANs and LANs, Service Plus is focused on the desktop, and supports ISSC wherever these capabilities are required within a wider outsourcing contract.

Service Plus recognises the importance of using high levels of automation to reduce the cost of delivering desktop services to its clients. Because of the hidden costs associated with desktop services, it is more difficult to demonstrate service cost reductions to prospective clients in desktop services outsourcing than in the traditional platform

operations market. Hence, it is the strategic aim of Service Plus to offer *low cost* desktop outsourcing solutions.

Summary

In establishing Service Plus Ltd., IBM UK has reshaped its customer service organisation in order to win business in the newer service markets, building from the base of its traditional maintenance activities. Service Plus represents IBM's formal entry into the multivendor services market, and while rivals such as Digital and ICL have led the field in multivendor services, IBM is intent on making up ground fast.

A number of recent contract successes suggest that by means of aggressive pricing and the ability to leverage IBM's extensive resources, Service Plus is already making its mark as a major multivendor player. Against competition from Digital and Computacenter, Service Plus were recently awarded a multinational contract by Unilever for the provision of managed desktop and LAN services. In this case, Service Plus worked closely with IBM's Industrial Solutions Business and IBM Netherlands (Unilever has headquarters in Rotterdam) to develop their bid.

A deal with BP Chemicals for the support of 1200 workstations in four countries also provides further evidence of Service Plus' push into the managed desktop services market.

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- Systems plans
- Peer position

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Company Profile

A Publication from INPUT's Customer Services Programme – Europe

December 1994

Nexor Perinet AB – A Leading Scandinavian TPM

In 1985, Nexor was set up by Mr Sten Rundin as a small independent maintenance operation to support his PC reseller business. Today, Nexor Perinet is one of the largest Third Party Maintainers (TPMs) in Scandinavia with annual revenues in excess of \$50m.

Brief History

By 1991 Nexor had grown sufficiently to have the resources to bid for state-owned TPM Telub, when it was put up for sale by the Swedish government. This resulted in Nexor becoming an international operation, with operations throughout Scandinavia and (via the Telub subsidiary Bitronic) in Germany.

In 1992, Nexor acquired Perinet, a Swedish-value added reseller (VAR). The distribution part of the business was sold and the maintenance business retained.

Nexor took a policy decision in 1992 to dispose of the German operation and to concentrate on developing the Scandinavian market exclusively.

Today, Nexor has around forty branch offices throughout the region. In Sweden a separate subsidiary, Nexor Systems Consultants, was formed to target growing network business opportunities, but subsequently the

operations have been consolidated into one company.

In Sweden, the main parts of the operation are Nexor Systems Service AB and Perinet AB. Since April 1994, the operations of Nexor Systems Service and Perinet have been brought together.

Services and Strategy

Many of Nexor's services are offered throughout the Scandinavian area, although some services and/or agreements with other suppliers are specific to individual countries.

The main service offerings of Nexor are:

- Conventional midrange equipment maintenance on Digital, Data General and ICL's (Nokia) 2500 series, and (in Denmark) on IBM's S/36, S/38, AS/400 and RS/6000 systems
- On-site maintenance covering PCs, workstations, printers and network hardware components. Nexor in Sweden has OEM maintenance agreements with
- Ambra (now declining following IBM's decision to wind up the operation), AST, Dell and Sun Microsystems

- Installation, training, system integration, remote monitoring and other services for networks. This service is limited outside of Nexor's main centres
- General services covering a wide variety of customer support, including designing application software, consumables, equipment broking, refurbishment and upgrades
- Repair centres for repairs on PCs and peripherals for dealers and end users, and to support Nexor's own in-house maintenance operation.

In certain countries, Nexor has developed its services in specific areas, for example:

- The Danish operation holds an exclusive agreement with the manufacturer Oki to repair its printers
- Software support on OS/2, Windows, OS/400, VMS, Ultrix, LAN Manager and others. This is a new service developed in Finland which is provided either on an agreement basis or a project basis. Service is generally delivered by telephone
- Warranty repairs for AST in Norway, Sweden and Finland. Nexor also has OEM agreements with CDC, Bull and Tandberg Data.
- The Norwegian operation was reorganised about 18 months ago following the Nexor acquisition. Activities can be considered in four basic categories:
 - An independent maintainer of IBM S/36, S/38, AS/400, DEC VAX, Convergent Technology and most PCs
 - A repair centre in Oslo carrying out 7000-8000 repairs/year with 10 technicians
 - Network support with 5 Novell Certified Netware Engineers (CNE) and 5-10 with

Windows competence. Nexor provides consultancy, training (from its centre in Oslo), installation and support

Miscellaneous contract support:

- An agreement with Dell, through which Nexor to install, test and provide a 12-month warranty on network installations
- A similar arrangement with CDC
- An exclusive subcontract with Hewlett-Packard (HP) to provide the maintenance for non-HP kit on any single site support contracts that HP wins
- The maintenance component within facilities management contracts won by TBK (subsidiary of Norwegian Telecom) which is offering a complete range of business products and services.

Financial Performance

When Nexor acquired Telub in 1991, an external investor from the Middle East provided about 10% of the funds. Early in 1994 a further injection of funds was made by the same investor. This followed disappointing trading results and lower than expected proceeds - DM 3 Million (\$US 1.8M) - from the sale of Bitronic. At the time of its sale, Bitronic was generating revenues of approximately 11 Million DM.

The reorganisation in Sweden and small cutbacks in the other countries have been necessary to restore the company's financial situation.

Exhibit 1 shows the financial performance of the company for the last two years.

The breakdown of the most recent year's figures by country (and in the case of Sweden, by operation) is shown in Exhibit 2. The revenue and profit figures are shown in US Dollars.

Exhibit 1

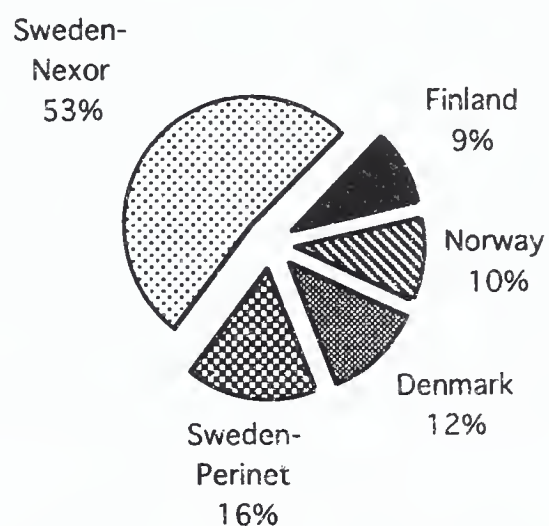
Nexor Financial Details by Country (\$M)

Country		1992/3		1993/4	
		Revenue	Profit	Revenue	Profit
Sweden:	Nexor	26.0	N/A	27.3	N/A
	Perinet	7.8	N/A	8.4	N/A
	Total	33.8	0.1	35.7	0.2
Denmark	Nexor	6.2	0.1	6.5	0.1
Norway	Nexor	4.4	0.0	5.1	0.1
Finland	Nexor	4.7	0.0	4.9	0.1
Group Total:		49.1	0.2	52.2	0.5

Source: INPUT

Exhibit 2

Nexor Revenues by Country, 1993/4 (\$M)



Source: INPUT

has streamlined its operations since the takeover of state-owned Telub in 1991. The management has been responsive to lowered trading performance and has made the necessary changes to enable it to survive during the recent recession.

The company has a core business in workshop repair, and a strong customer base in key equipment lines such as IBM AS/400 maintenance. It has expanded its capability by winning maintenance agreements with manufacturers, e.g. IBM, Dell and Hewlett-Packard.

Nexor has also started to build up highly creditable capability in networks, for which there is growing demand.

A question mark remains over the company's financial strength, and there is a degree of uncertainty about the effectiveness of management responses to the company's recent difficulties. Other points to note are:

- Nexor's skills in UNIX systems are not fully developed

INPUT's Assessment

Nexor is an established company with a good reputation throughout Scandinavia, which

INPUT Company Profile

- The gaps in the company's software skills need to be filled
- Nexor are experiencing aggressive competition from manufacturers, particularly Digital
- Nexor's over-dependence on the declining Digital VAX, IBM S/36 and S/38 businesses must be rectified.

However, on a more positive note, Nexor should be capable of winning more agreements with manufacturers that do not wish to expand their own services in Scandinavia directly.

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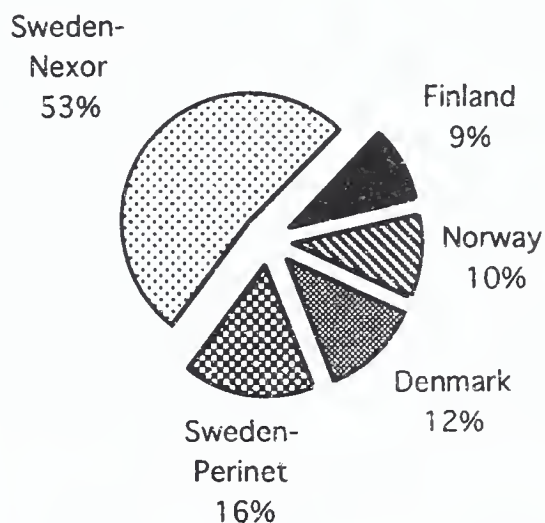
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Company Profile

A Publication from INPUT's Customer Services Programme – Europe

1994

Computacenter — A Leading UK Desktop Services Vendor

The desktop services market is receiving increasing attention from a wide range of vendors. Professional services vendors such as Hoskyns and EDS have entered this market, as have equipment vendors such as Digital, Olivetti, Hewlett-Packard and IBM.

However, over the last two years a number of major PC dealers have also started to emerge as key players in the desktop services market. In the UK, Computacenter has established itself as the leading PC dealer in this market, with 1993 revenues of approximately \$15m.

Three of the major factors that have contributed to Computacenter's initial success are:

- The formation of a separate outsourcing group within the company
- A focus on merchant banks
- The company's breadth of geographic and technical support.

Formation of Specialist Outsourcing Group

Computacenter remains an organisation whose focus is centred on product sales to corporate accounts. Accordingly, Computacenter has developed a culture based around its aggressive sales force, who are primarily compensated on a commission basis. It can be difficult for organisations such as this to adopt the more consultative sales style that is appropriate for selling services. Computacenter also faces the challenge that the major PC dealers are well-known for their product supply capabilities but are typically regarded as having comparatively low levels of services capability.

Nonetheless, Computacenter has recognised the need to target services' revenues and has established a separate business unit to target desktop services outsourcing.

This business unit is called the Comprehensive On-Site Services (COSS) unit. The unit employs 200 personnel including ten contract managers and is now estimated to have desktop services revenues

Computacenter's 1993 revenues are summarised in Exhibit 1.

Exhibit 1

Revenues: 1993

Business Activity	Revenues (\$M)
All activities	470
Services	75
Comprehensive On-Site Services	30

Source: Computacenter

However, there remains a cultural divide between the COSS unit and Computacenter's product-oriented sales force. As a result, COSS acts largely independently from the mainstream sales force in generating and pursuing its own sales leads.

Focus on Merchant Banks

While cost reduction remains a significant driving force behind desktop services outsourcing, one of the keys to identifying desktop services outsourcing prospects is the identification of organisations for whom client/server or LAN-based systems have become critical to the organisation's success. Organisations operating in the financial markets based around the City of London often meet this criterion. Computacenter estimates that such organisations are five years ahead of typical industrial companies in their use, and dependence upon, client/server technology.

This particularly applies to the merchant banks, which are heavily dependent upon the availability and response times of their trading systems. Computacenter estimates that it has an established presence in this segment of the market having supplied products to all the leading merchant banks. This high level of awareness assists COSS in marketing its

outsourcing services into these organisations and the unit has contracts with three major merchant banks, namely:

- SG Warburg
- Lehmann Brothers
- Morgan Stanley.

Other clients in the financial services sector include:

- UBS
- Westpac.

Breadth of Geographic and Technical Support

Overall the COSS unit has approximately ten accounts in the UK. Outside the City of London, the organisation's clients include:

- TSB
- Shell
- Bass
- United Distillers.

Key factors in winning these contracts have been Computacenter's wide geographic coverage within the UK and the company's breadth of specialist technical expertise.

While most desktop services vendors are endeavouring to reduce the cost of service by centralising support wherever possible, local access to suppliers still remains important to their clients. Indeed one of the major factors driving organisations to outsource their desktop services has been the difficulty they have experienced in providing consistent levels of support across large branch networks. Accordingly, one of the key vendor selection criteria used by organisations such as TSB and United Distillers has been the

geographic coverage of the potential supplier. TSB has an extensive retail banking network in the UK and United Distillers required support for 1700 PC users located across 65 sites.

The other major factor in Computacenter's favour is its breadth of technical knowledge in PCs and open systems technologies.

Computacenter supports all aspects of their IT infrastructures, with the exception of mainframes and WANs, for both TSB and SG Warburg.

COSS perceives that one of its key strengths lies in being close to the technology and understanding the possible pitfalls in the use and linkage of a wide range of software products. The help-desk is seen as the key activity in which Computacenter has to provide a high standard of service.

In addition, Computacenter will provide United Distillers, for example, with processing of equipment orders, inventory management, installation services, on-site maintenance, and project support. So far, Computacenter has experienced comparatively low levels of demand for product procurement and leasing

services. However, COSS expects that the demand for these types of service will steadily increase.

The duration of Computacenter's desktop services outsourcing contracts are typically shorter than the market average for platform operations and applications operations contracts. The company's contracts with TSB and United Distillers are both for two years, compared to the market average of four years for systems operations contracts.

As in traditional outsourcing contracts, staff have been transferred from the client to Computacenter. TSB transferred 25 support staff to Computacenter while SG Warburg transferred 50 personnel.

Computacenter would like to form alliances with outsourcing vendors with mainframe and proprietary systems management expertise to enable the company to target major outsourcing deals. However, so far, the company has been limited to working with other outsourcing vendors on a tactical account by account basis.

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- Acquisition targets

For Buyers—evaluate:

- Specific vendor capabilities
- Outsourcing options
- Systems plans
- Peer position

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Company Profile

A Publication from INPUT's Customer Services Programme – Europe

December 1994

IBM Launches Global Network Initiative as Interest in WAN Services Grows

The provision of services related to local area networks (LANs) has been a key area of focus for most of the leading customer services vendors. However, recent developments in the *Wide Area Network* (WAN) arena are increasingly improving opportunities for service vendors.

IBM has responded to the recent resurgence of interest in WAN capability with the launch of the IBM Global Network in December 1994.

The IBM Global Network (IGN) is intended to offer international, one-stop shopping for networking and associated technology services. The IGN will offer:

- Network management services, including custom managed networks and network integration services
- Value added services, including access to messaging services and information providers
- Electronic marketplace solutions
- A technologically advanced approach incorporating ATM.

In particular, the service will offer:

- Wide international coverage
- Support for a wide range of protocols
- Seamless WAN/LAN management services
- The promise of ATM technology
- Access to Internet information providers.

IGN Offers Wide International Coverage

IBM estimates that the IGN covers more than 650 cities across 90 countries, and is supported by more than 7,000 professionals.

Within the U.K., the IGN has 32 access points and is supported by approximately 700 professionals. The European network management centre is housed in Portsmouth and this centre is backed up by IBM's data centres in Warwick and Havant. The number of access points currently available to the IGN is summarised by region in Exhibit 1.

Exhibit 1

IGN: Number of Access Points by Region

Region	SNA Access Points	Multiple Protocol Network Access Points
Europe, Middle East and Africa	219	111
The Americas	331	153
Asia Pacific	83	9

Source: IBM

Within the U.S., IBM currently has 278 access points to the IGN.

Within Europe, the countries with more than five nodes are listed in Exhibit 2.

Exhibit 2

IGN: Access Points in Europe

Country	Number of Access Points
Germany	60
U.K.	31
Italy	18
Norway	15
Spain	11
Austria	10
France	10
Belgium	9
Switzerland	9
Netherlands	7

Source: IBM

The comparatively high number of nodes within Germany is related to the nature of the tariff structure there.

Clients of the IBM Global Network include:

- Duracell
- A Danish shipping company
- Amro Bank
- A U.S. based electronics company.

For the shipping company, IBM implemented a network within 90 days, providing access between:

- The headquarters in Copenhagen
- AS/400s in Chile, the Netherlands, New Zealand, Scotland, and the U.S.
- 9 LANs spread over the Far East, Europe and the Americas.

For the electronics manufacturer, IBM has a four-year agreement to provide:

- Voice between the U.S. and three other countries
- Intra-company E-mail and EDI
- Transmission of engineering drawings.

The company's operations include activities in 10 European countries, 21 countries in the Asia Pacific region, and 3 countries in Latin America.

Support for A Wide Range of Protocols

The IBM network is based on a number of continental networks interconnected by an international backbone network. The base network technology consists of NET IDNX multiplexers, IBM 3745s LANs, protocol

converters and multi-protocol routers, supplemented by gateways to the public carriers.

Within this framework, IBM supports a range of protocols to enable clients to gradually migrate from the legacy protocols of SNA and X.25 in favour of frame relay and ATM. The network architecture allows for inter-network connectivity between the SNA, X.25, Frame Relay and router-based networks.

The SNA network, called the Managed Network Service (MNS), provides connectivity to over 50 countries and is being expanded into Eastern Europe and South America, where line quality is too poor to support more advanced protocols. The SNA architecture provides network management capability down to device level. Typical speeds supported are in the range 9.6Kbps to 64Kbps.

The IBM Multi-Protocol Network (MPN) facilitates the inter-connectivity of multi-vendor systems and LANs across wide area networks. LAN protocols supported include: NetBios, Novell IPX, AppleTalk, DECnet, TCP/IP, and SNA. The MPN is based upon multi-protocol LAN routers with optional frame relay interfaces.

IBM provides links between its LANs for BPB Paper and Packaging Ltd.. Ultimately the IBM Global Network will interconnect 27 UK sites, together with locations in the Netherlands, France and Germany.

Seamless WAN/LAN Management Services

IBM is also intending to offer seamless WAN/LAN management services, by co-operation between IGN and ISSC.

For wide area network remote control and configuration, IBM intends to use the following tools:

- Netview 390/6000
- Infoman
- CDIM
- Nways Switch Manager.

IBM expects to integrate WAN and LAN management for some clients. Within its LAN management service, IBM includes the following components:

- Media management
- User support
- LAN administration
- Software distribution
- Resource management
- Performance management
- Back-up management
- Asset management.

The Promise of ATM Technology

The IBM Global Network currently has approximately 150 NET IDNX multiplexers installed across its European backbone network. IBM plans to replace most of these with ATM switches during 1995-1997. By June 1995, IBM intends to have 40 cities supported by ATM.

The implementation of ATM is critical to IBM's plans to support multimedia transmission between LANs over the IBM Global Network. However, the ATM switches in Europe will initially communicate using existing two megabit per second circuits. IBM will upgrade to higher speeds later.

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The move to ATM will also enable IBM to integrate voice with data and video. In the meantime, IBM will carry separate voice traffic over the existing NET backbone, by which means the company claims to be able to offer considerable savings to customers.

IBM estimates that the company will invest approximately \$350 million in the network over the next three years.

Access To Internet Information Providers.

In addition to providing better communication within an organisation and between the organisation and its customers and suppliers, IBM also recognises the increasing requirement to access information providers via the Internet.

Accordingly, IBM intends to offer open Internet access services, including:

- Dial (Warp +) and leased line access, initially in the U.S. only
- World-wide Internet services for mail, news, telnet, gopher, and Mosaic
- Support for Internet servers (MX, POP, News, gopher, and web)
- CIX member and multiple Internet connects
- NAP and international connectivity.

IBM regards it as very important that the European business community is provided with direct access to Internet within Europe.

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Company Profile

A Publication from INPUT's Customer Services Programme – Europe

December 1994

Microsoft Enhances Market Opportunities for Software Product Support

In 1994, several of the leading independent software vendors (ISVs) took further steps to establish an open market for the support of their products. The result is that, today, customer services organisations are actively promoting themselves as support providers for the leading ISVs, and are beginning to compete on services, price and performance.

Microsoft has led the way in terms of promoting open markets for software product support, and in 1994 took the following initiatives:

- Withdrew free telephone support for its desktop applications, and established chargeable support options
- Announced several enhancements to the Solution Provider Programme
- Greatly extended the number of Microsoft Certified Professionals worldwide.

Withdrawal of Free Support Promotes Open Market Activity

For some time the leading mass-market ISVs have found it increasingly difficult to sustain the high overheads of supporting a fast expanding user base. Hence, when in April 1994, Microsoft withdrew lifetime free telephone support on its application products, a general industry trend towards chargeable support was established.

However, while the market for chargeable support opened up, Microsoft was keen to be seen to offer quality support services itself, which led the company to invest \$6 million to improve its own support infrastructure. Microsoft's aim is to double the number of telephone support lines, and to increase the capacity to deal with calls by 40%.

Users of Microsoft desktop applications now receive no-charge telephone support for 90 days after the first call, after which they can choose from a variety of chargeable support options, including Priority, Premier and Single Incident support services.

The Microsoft support levels, and prices, are summarised in Exhibit 1.

Priority support is a post-90 days telephone support service available to all registered users at three levels: Comprehensive (all products), Developer (desktop applications, operating systems and developer tools) and Desktop (desktop applications and operating systems).

Premier support is aimed at larger organisations, and offers comprehensive support for all product groups for four designated contacts within an organisation.

Single Incident Pack (SIP) offers support on a per incident basis for support of development and advanced systems.

The introduction of pay-for support will enable Microsoft to sell low-cost products

without excessive support overheads, but importantly, the initiative also opens up the market for additional support offerings.

Enhanced Solution Provider Programme Promotes Further Support Opportunities

In September 1993, Microsoft announced its Support Network, a worldwide framework for the provision of technical support.

At the time, Microsoft chose to emphasise the freedom of customer choice that would result from a wide variety of available support services and suppliers. However, Microsoft was also clearly motivated by the desire to distribute responsibility for support of its products, and to focus on their core competency of product development and technological innovation.

Exhibit 1

Microsoft Support Services

Support Services	Desktop Applications	Personal Operating Systems	Developer Tools	Advanced Systems
Standard	90 days free telephone support (from the first call)			
Priority Comprehensive	\$5,000 p.a. per registered contact			
Priority Developer	\$1,500 p.a. per registered contact			
Priority Desktop	\$225 p.a. per registered contact			
Premier Comprehensive	\$22,500 for four designated contacts			
SIP Developer			\$75 per incident to resolution	
SIP Advanced Systems				\$150 per incident to resolution

Table source: Microsoft

Since then, Microsoft has stimulated the growth of a global network of partner organisations known as *Solution Providers*.

Solution Providers offer users a competitive alternative to Microsoft's direct support options. Technical services can include configuration, diagnostics, troubleshooting, repair, maintenance, performance optimisation and extended out-of-hours support. Services range from "pay as you go" options to 24 hour on-site support on the full Microsoft product range.

To become a Solution Provider, service vendors are required to have a pre-determined number of Microsoft Certified Professionals on their staff. Solution Providers can gain authorisation not only as a technical support centre, but also as consultancy, training, development, business and integration centres.

In 1994, Microsoft announced significant enhancements to the Solution Provider Programme including the addition of two new categories: *Solution Provider Partner* and *Solution Provider ATEC*.

While the original category of Solution Provider was intended to ensure penetration in small to medium-sized organisations, the new category of Solution Provider Partner was introduced to provide enterprise-wide and line-of-business solutions. Partners are nominated by Microsoft Business Managers and offer a high level of expertise in such areas as:

- Business process consulting
- Solution design and installation
- Multivendor integration
- Vertical market applications
- Training and support.

The second new category of Solution Provider is the Authorised Training and Education Centre (ATEC). ATECs are training companies providing training to computer professionals, leading to Microsoft Certified Professional status for Microsoft Advanced Systems and Developer products. Training is typically provided at systems support and developer levels.

The enhancement of the Solution Provider programme has enabled Microsoft both to strengthen its support capability generally, and to deliver industry-specific expertise. Solution Providers have been recruited across a number of key vertical sectors, including finance, retail and manufacturing.

The momentum behind the programme is illustrated by the fact that there are currently over 250 Solution Providers in the UK alone.

Major Increase in Microsoft Certified Professionals

Through its Certified Professional Programme, Microsoft provides the means by which businesses and IT service companies can assess their technical proficiency and skills in Microsoft products. Through rigorous computer-based testing, the programme certifies the professional's ability to design, implement and support solutions using Microsoft products.

There are three separate certifications available, based on a combination of job-specific tasks and associated Microsoft products. They are:

- *Certified Product Specialist*, requiring high skill levels in using, supporting, tuning and customising specific Microsoft products
- *Certified Systems Engineer*, requiring expertise in Windows NT and other advanced systems to be able to plan, install and configure fully functional systems

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- *Certified Trainer*, qualified to train on Microsoft products having demonstrated product expertise and teaching skills.

Over the last 18 months, demand for certification has increased significantly, and currently there are over 11,000 Microsoft Certified Professionals worldwide.

The success of the certification programmes is demonstrated by the recent growth in the number of professional examinations taken

for the Windows NT operating system. To date, over 5,000 Certified Professionals have passed the exam worldwide.

Microsoft expects the success of its certification programmes to continue with the recent introduction of Microsoft BackOffice, which makes Microsoft-based business solutions enterprise-wide.

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A Publication from INPUT's Customer Services Programme – Europe

December 1994

Oracle's Desktop Product Strategy Encourages Third-party Support

To deliver high volumes of desktop server software products Oracle is building a new distribution network using third parties. These channels and their customers require a simpler product profile and lower-cost support services. Oracle's strategy is to encourage third party channels to provide first line support, a strategy which is based upon:

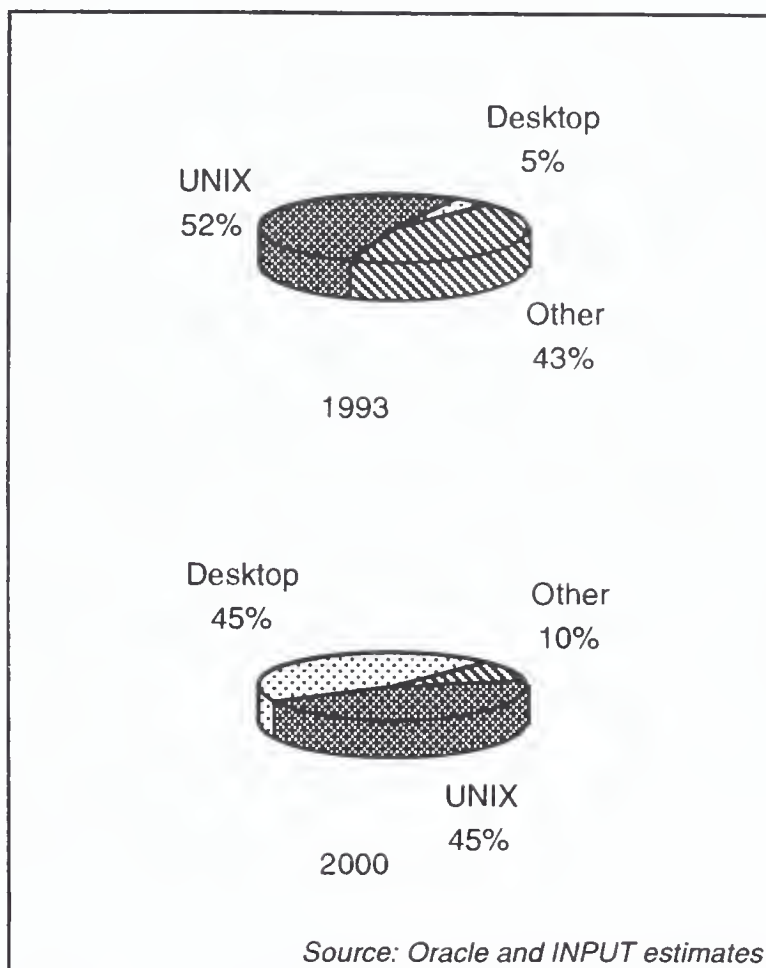
- Very high growth expectations in the desktop server market
- Simpler, easy to manage software packaging for channel distribution
- A range of low-cost network-accessible support services.

Rapid Take-up of UNIX and Desktop Versions of Oracle's Products

In the year to May 1993 Oracle's world-wide revenues grew 32%. UNIX revenues grew 70% to represent 52% of all Oracle's product revenues. Desktop products expanded over 80% in the same period, but still account for only a 5% share of total revenues as shown in Exhibit 1.

Exhibit 1

Oracle Revenue Mix by Operating Platform, 1993-2000



Source: Oracle and INPUT estimates

Oracle believes that the strategy of supporting all the major desktop operating systems will see desktop revenues catch up with or even pass UNIX revenues by the end of the decade. Exhibit 1 shows how the resulting change in revenue mix by platform will push proprietary platforms down from a 43% share to around 10% by the year 2000.

To ensure near simultaneous availability of a new version of Oracle software on many different platforms, the company has five different profit centres with responsibility for porting it to:

- IBM
- Digital
- Minicomputers
- UNIX
- Desktop platforms.

Oracle Workgroup Server Hits the Desktop

The desktop business unit has ambitious plans to deliver Oracle's products in high volumes to PC networks and servers. The desktop business unit manages all the major desktop platforms except UNIX, including: Windows NT, OS/2, Netware, Apple System 7 and potentially Taligent.

A new product, Oracle Workgroup Server, was launched earlier this year with the following objectives:

- Protect Oracle's UNIX business in the datacentre
- Develop new markets and desktop user business
- Enable third-party integration with more suitable technology.

Oracle7 is the market leader in UNIX RDBMSs in Europe. The availability of a low cost desktop server version (yet with all the functionality of the main-line product) could start to erode the revenue of the UNIX business.

The target markets for the product cover those moving down from enterprise systems, those moving up from small PC networks and developers who can exploit the full functionality available in the Oracle software environment.

The pricing strategy adopted for this product is geared to achieving high volumes through third-party channels:

- One world-wide price
- System developer kit at \$995
- Half-price trade-in upgrades
- 10 and 25 concurrent user versions
- Upgrade price equals price differential.

The pricing will be kept very competitive on smaller or development configurations where Microsoft's SQL Server is strongest.

Exhibit 2 summarises the main components of the product package.

The Oracle Workgroup-Server product is basically a modern GUI shell surrounding the standard Oracle7 product suite. Oracle7 still has a more traditional set of programmer interfaces. The new product is more suitable for *shrink-wrap* delivery, with simple installation and a set of easy to use administrative tools.

Exhibit 2

**Oracle's Workgroup Server
Product Components**

- Oracle7 Server
- SQLNet for platform native protocol
- Oracle Glue
- Oracle7 ODBC driver - conforming to Microsoft's Open Database Connect
 - Microsoft Help On-line support
 - One-Button installation
 - Graphical EasyLAN Administrator
- Database Manager
- User Manager
- Object Manager
- Session Manager

Source: Oracle

Also supported are integration tools conforming to Microsoft's ODBC (open database connect).

New Desktop Product Support Services

Channels will be encouraged to both sell and support the product. Education and training will still be provided by Oracle from their existing education centres, though in time a third party market may develop.

Oracle doubled its revenue targets for third-party reseller channels in 1993/4. Today it

deals with about 100 value-added resellers (VAR's) or systems integrators in Europe. The company is also seeking more independent software vendor (ISV) partnerships. A royalty scheme already exists to encourage ISV's to deliver Oracle-based software packages.

The current one-year support contract is too expensive for many PC developers. They can now use CompuServe for EMail and gain access to free software patches and notes on support topics. Developers can access Oracle Forum via CompuServe bulletin board.

Free support services include:

- Product information
- Frequently asked questions & answers
- Patches posted for downloading.

Only maintenance (bug-fix) issues will be free, enhancements will be priced as upgrades. Electronic support via CompuServe and Internet will be charged. The full Oracle support service is available for escalations and issues, but the channel will be expected to provide first line support.

Oracle is clearly intent on reaching customers it does not already serve. In doing so Oracle risks losing some of its direct sales and support revenues. However, the reward could be a far larger market penetration and the establishment of a powerful distribution network of sales and support channels.

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- Competitive positioning
- Acquisition targets

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- Outsourcing options
- Systems plans
- Peer position

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Vendor Profile

A Publication from INPUT's Customer Services Programme – Europe

February 1995

EDS — A New Customer Services Competitor

As the extent and complexity of networked PCs increases it is not only creating new customer services challenges, but bringing in new types of services organisations as competitors.

EDS is one example of this phenomena, and a very significant one given its size and range of infrastructure and capabilities.

Another example is the U.K. based outsourcing firm Computacenter.

Computacenter has recognised the need to target services' revenues and has established a separate business unit to target desktop services outsourcing.

This business unit is called the Comprehensive On-Site Services (COSS) unit. The unit employs 200 personnel, including ten contract managers, and is now estimated to have desktop services revenues of approximately \$15 million out of total business unit revenues of \$40 million.

EDS originally launched its Technical Products Division (TPD) in Europe in September 1993.

TPD initially concentrated on building up its product supply and logistics capability and is only now beginning to develop a centralised capability to manage clients' LANs and desktop devices.

However, EDS originally had ambitious goals for its desktop services business in Europe and will endeavour to meet these goals by:

- Offering a full range of desktop services on an international basis
- Knowledge transfer from the US
- Offering an imaginative range of financing options to clients.

Offering a Full Range of Desktop Services on an International Basis

TPD is intending to offer a full range of desktop services in Europe. However, the organisation has so far been slow to build up the necessary infrastructure for service management in Europe. Instead, the company has initially concentrated on product supply and logistics. TPD decided that the organisation needed to become a major equipment vendor in its own right to develop cost leverage in purchasing and shipping.

TPD endeavours to maximise its logistics efficiency by using a centralised warehouse facility in the Netherlands, supported by an especially developed real-time Automated Distribution system.

TPD provides logistics services on behalf of Memorex Telex and the Tandem Source Company. Memorex Telex recently signed a five-year logistics management contract with TPD within which TPD will provide Memorex Telex with final assembly of its personal computers in addition to order management services. In return, Memorex Telex will provide TPD with logistical support and freight management services. On behalf of Tandem, TPD will provide a range of logistics services including procurement, vendor management, inventory services and distribution.

TPD wants to offer purchasing consultancy services in Europe. In the U.S. TPD handles purchasing for General Electric by issuing a catalogue of approved products to GE business units.

At present, TPD's equipment partners in Europe include Hewlett-Packard, AST and Compaq, and TPD has been successful in establishing pan-European level agreements with these vendors.

TPD is offering pre-installation services from its warehouse in Beek, the Netherlands. Here TPD will pre-configure the equipment and tailor it to the client's requirements installing all software required prior to delivery to the client's site.

TPD will typically not become involved in systems integration projects. These will remain the responsibility of EDS's client/server integration group.

In the US, TPD has a field services division employing approximately 2,000 field engineers. TPD is not currently intending to

replicate this organisation in Europe and will predominantly rely on third party agreements. However, TPD has inherited a small group of 40-50 maintenance engineers in the UK as a result of its acquisition of SD-Scicon.

One of TPD's major activities so far has been to assist organisations such as London Underground and a major French bank with the relocation of their desktop equipment to new premises. For the French bank, this service was combined with a simultaneous refurbishment of all the desktop devices.

Knowledge Transfer from the US

However, TPD has yet to establish any centralised infrastructure in Europe to support its distributed service management.

Although EDS estimates that it supports 30-40 customer-specific help-desks; these are largely installed on customer premises at present. Similarly TPD currently has no centralised means of remote LAN management for customers in Europe.

However, TPD is intending to change this situation over the next twelve months utilising TPD's experience in the US. TPD Europe currently has between 10 and 20 personnel on secondment from the US to assist the European organisation in achieving knowledge transfer. TPD strongly believes that it should model the development of TPD in Europe using the same business model as was applied in the US. As a result, TPD Europe is about to begin building centralised help-desks to support its European clients. These help-desks will be sited initially in France, Germany, and the UK with a fourth help-desk supporting the rest of Europe from Antwerp.

TPD has developed its own suite of programmes to remotely manage LANs down

to the individual personal computer level. However, this technology is not currently used in Europe. Despite this, TPD claims to have a total methodology for distributed service management, which will be applied to the company's European activities in the future.

In the US, Hughes Space and Communications Company has signed a five-year Distributed Systems Management outsourcing contract with EDS, covering the organisation's LAN-based computing environment including 4,000 desktop devices. All of Hughes' support personnel have been transferred to EDS. Services provided by TPD include:

- User help-desk support
- LAN management and administration
- Equipment maintenance
- Installation and technical support for all equipment and software
- Equipment and software purchasing
- New technology standard setting and assessment
- Asset management
- Redeployment of desktop assets at the end of their useful life.

In Michigan, TPD has built an operations centre that manages in excess of 40,000 personal computers.

Offering an Imaginative Range of Financing Options to Clients

TPD intends to offer a very flexible range of equipment financing options to clients, including:

- The customer purchasing the equipment
- TPD leasing equipment to the client
- TPD charging the client a service fee that includes equipment supply.

TPD believes it can reduce the cost of ownership of equipment to the client if it retains ownership. For example, TPD will assign categories of equipment to match staff requirements. The equipment can then be cycled through these categories, avoiding the need for comprehensive replacement of the equipment base on each technology refreshment exercise. Obviously all necessary refurbishment and reconfiguration would be carried out on each occasion.

EDS owns the equipment used within its London Underground contract.

TPD is continuing to target major corporations and believes it has a competitive advantage in its ability to offer pan-European desktop services while maintaining a single-point of client contact.

TPD offers the IT manager the means to regain control of desktop spending by applying standards and single point invoicing.

The majority of TPD's sales leads are generated by the industry-facing SBU's within EDS. TPD is principally a service provider to these account teams. However, TPD maintains its own sales expertise to assist the major account teams in offering distributed systems management services and is also trying to use its unique skills to introduce new clients to EDS.

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Vendor Profile

A Publication from INPUT's Customer Services Programme – Europe

February 1995

COS Customer Engineering AG

COS Customer Engineering AG was founded as TECHCOS Computer Maintenance in 1991 from the computer maintenance activities of COS Computer Systems, a publicly quoted Swiss company providing computer sales and leasing services.

Customer Services

COS Computer Engineering provides the following customer services:

- Maintenance of IBM 4381, 9300 and 3090 systems
- Maintenance of peripherals manufactured by IBM, Comparex, Hitachi and Memorex
- Installation of IBM products
- Back-up services that provide certain levels of disaster recovery assurance.

COS Customer Engineering does not usually provide support for network products but does have some capability in this area through a sister company in the Group called COS Communications AG.

The PC product area is not supported by COS Computer Engineering. The company considers this activity to have too narrow

margins and consequently one in which it is difficult to make any profit unless an organisation can work on a significant scale.

COS Customer Engineering's technical workforce is oriented to hardware support of the areas listed above and does not currently have software support skills.

Computer maintenance activities are currently mainly restricted to the German-speaking areas of Switzerland and southern Germany, based around Stuttgart. However, the company does still generate some customer services revenue from the Nordic region.

COS Customer Engineering offer fixed price contracts with defined service-level agreements. Most contracts offer two-hour response to call-outs within what is described as extended working hours.

Some contracts are offered with 24x7 service level agreements.

Key customer references for COS Customer Engineering include well known organisations such as Audi, the Swiss PTT, ABB, Heidelberger Druckmaschinenfabriken, Nestlé and GEC-Alsthom.

These service customers are generated from the COS Group's leasing and product supply activities which provide a prestigious reference list for COS Customer Engineering.

COS Customer Engineering is based at Baden in Switzerland where workshops, stores and administrative functions are based.

COS has attempted to position itself at the top end of the IBM hardware service market with competitive differentiation provided by local knowledge and fast access to customer sites.

As well as meeting competition from other independent maintainers like Granada Computer Services and Sorbus, COS Customer Engineering meets strong competition from IBM in sites that are sufficiently large to make it worthwhile for IBM to compete on price.

Corporate Structure

COS Customer Engineering operates as a division of the COS Group which is organised into four lines of business (LOB):

- Trading and brokerage
- High tech agencies
- Financing services
- Organisation and IT services.

COS Customer Engineering forms a part of the Trading and Brokerage line of business. Customer services only represents, however, a small part of the overall business accounting

for 2% of total group revenues of 411 MSF (\$) in the financial year 1993/4.

The remaining units of the Trading and Brokerage LOB are concerned with computer systems supply.

The High Tech Agencies LOB provides for the supply of specific types of computer peripherals, i.e., laser printers and the support of communications networks.

The Financing and Capital Investments LOB is concerned with leasing services.

The Organisation and Information Technology LOB provides software engineering services and supplies some software products.

As a leasing company, the COS Group diversified outside the bounds of the computer industry into the area of general industrial financing, for example for industrial robots and construction plant.

As an IT firm it diversified outside its original IBM leasing business into the areas of Digital systems, UNIX software and general IT product distribution.

The COS Group has experienced significant trading difficulties during the 1990's, the 411 MSF achieved in 1993/94 being only just over 40% of the revenues generated in the financial year 1990/91, 965 MSF.

The COS Group's recent financial history is plotted in Exhibit I.

COS Group Financial History

COS Group Financial Details (M Swiss Francs)						
	1989/9	1990/1	1991/2	1992/3	1993/4	93/94 Share
Sales	435	591	544	398	222	54%
Rental	361	340	368	296	181	44%
Service	39	34	33	15	8	2%
Total Revenues	835	965	945	709	411	100%
Net Profit	16	13	10	-239	0	100%

Source: COS Group

As a result of these difficulties the company underwent a major restructuring during 1992.

Exhibit 2 contains an analysis of COS Customer Engineering's customer services revenues across the geographies in which they operate.

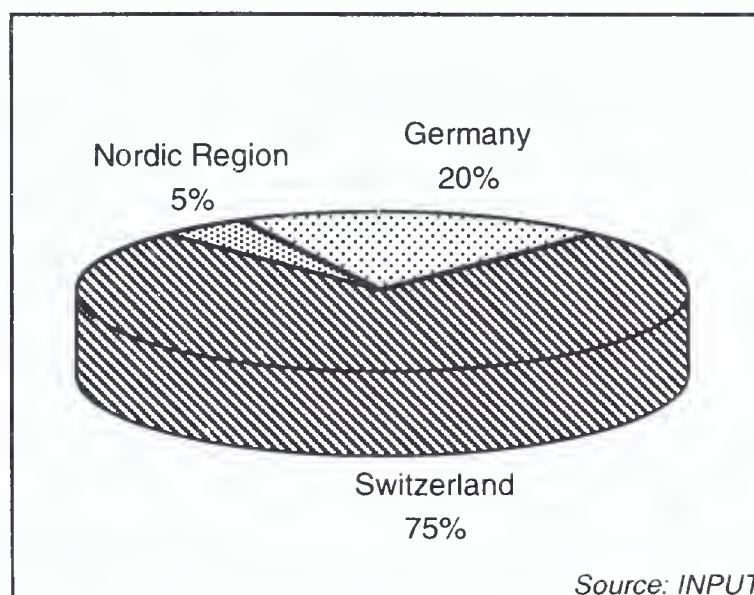
Future Development

The future development of COS Customer Engineering's service portfolio is expected to be oriented to provide a more comprehensive level of technical support for complex computer installations.

It can be expected that COS Customer Engineering will need to develop co-operative arrangements and partnerships in order to be able to develop this approach effectively.

Exhibit 2

COS Customer Engineering — Revenue Analysis FY 1993/94



Source: INPUT

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- Acquisition targets

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Vendor Profile

A Publication from INPUT's Customer Services Programme – Europe

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February 1995

Getronics Re-Positions from Maintenance to Service Supplier

The management philosophy that drives Getronics Service is summarised by Peter K. van Voorst, Senior Vice President of Getronics N.V., as comprising two decisive elements, organisation and efficiency. The future, in his opinion lies with firms that, like Getronics can provide for a complete range of IT services, consequently he describes Getronics as no longer being a maintenance firm but a service supplier.

In this way he believes that competitive advantage is established over other smaller independent maintainers firms that can only offer a limited range of services.

Further insight into the direction being taken by Getronics Service can be obtained from their mission statement which is repeated in its entirety below:

- "The provision to our customers of a large number of specific services aimed at installation, maintenance, management and additional services. These services can be provided in combination depending upon the specific needs of the customer. These

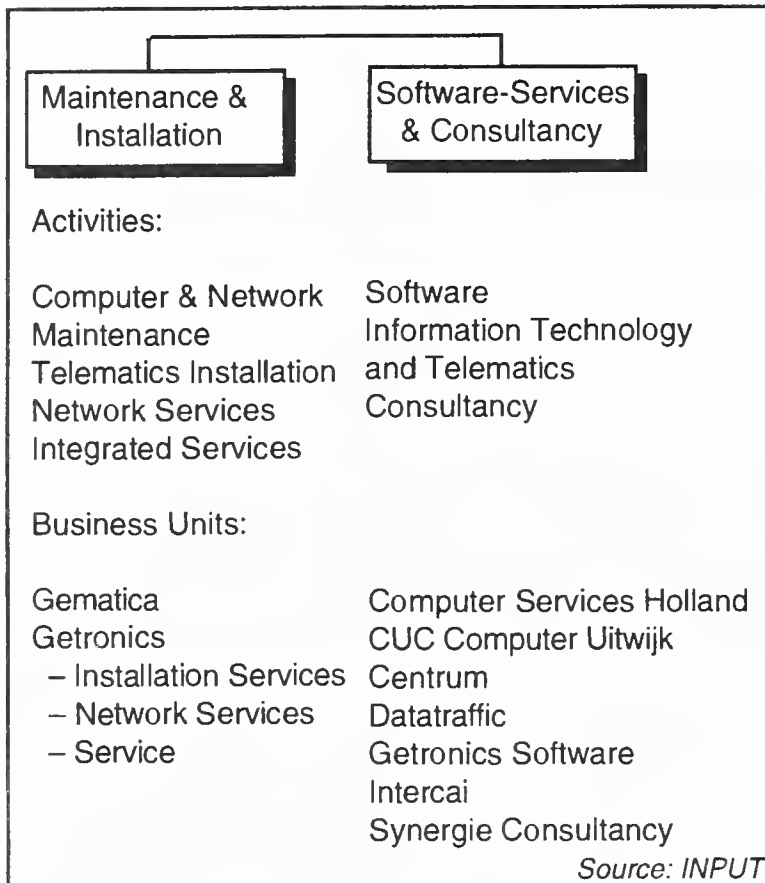
services are grouped together under the title Integrated Services.

- In providing these Integrated Services, Getronics Service aims to minimise the cost of ownership for its customers and guarantees the maximum availability of their desktop and network systems.
- The services offered cover the entire cycle from the installation of networks and systems through the period of use when maintenance and management are the central features up to and including their removal and possible re-use".

The Group is divided into four main divisions, two of which (Maintenance & Installation and Software-Services & Consultancy) focus on support services and are the focus of this profile.

The range of activities carried out by these units of the Getronics Group is illustrated in Exhibit 1, showing both the range of activities covered and the names of the business units that have operational responsibility.

The Getronics Group Structure



It is the grouping together of several services which is a key feature of Getronics service offerings, they describe it as Integrated Services. This strategy provides:

- Opportunities for reduced cost of ownership for the end-user
- Maximum availability of the computing environment without the finger-pointing or lack of problem ownership that may be encountered with other suppliers
- Total support during the whole life cycle of IT products.

The Getronics Group provides a wide range of associated professional services, which include:

- Consultancy services
- Outsourcing and facilities management
- Refurbishment services
- Training.

Getronics Service is discussed here under three headings:

- Service Portfolio
- Financial Performance
- Development of the Group

Service Portfolio

Primarily Getronics operates in the desktop automation, networking, client-server and communications sectors. Networking services cover local and wide area networking (LAN and WAN) including PABX.

Hardware maintenance is offered over a wide range of products including almost all makes of PCs, peripherals and communications equipment.

Standard service offerings include the traditional on-site All in Service, and other options such as Carry in Service, Stand by Service and a Time and Materials Service.

Contracts and response times are tailored to individual customer requirements and may include 24 hours by 7-day coverage, if required.

Getronics offers software support for common operating systems and application software products including networking software such as AppleTalk, Banyan Vines, IBM LanServer, MS Lan Manager, MS Advanced NT Server and Novell Netware.

In addition, File Server Recovery Support, Helpdesk Services and an Anti-virus service are available. Networking hardware from 3Com, Chipcom, Cisco, Codex/Motorola, Newbridge, Synoptics, UB Networks and Wellfleet, and PABXs from Northern Telecom are supported.

In 1993 Getronics signed a Co-operation Agreement with Sorbus Europe to offer service on a wider range of products including mainframes, and hence to provide it with the capability of offering total coverage for many of its major users.

Hardware maintenance is thus now offered, not only on desktop products, but also on a wide range of larger systems from manufacturers such as Digital, Hewlett-Packard, IBM and Sun Microsystems.

In June 1994 the company signed a similar Co-operation Agreement with ITS in order to expand its coverage of network services. ITS is a wholly owned subsidiary of SITA a leading provider of network services operating in 38 countries in the world.

The following sister companies offer services either individually or in partnership:

- Electric Engineering (Benelux, telematics installation services)
- Computer Uitwijk Centrum (Netherlands, a Computer Disaster Recovery Centre)
- Getronics Networks Services (Netherlands, network management services and supplier of communication services such as E-mail, X400 message services, EDI and video-text)
- Getexo (Netherlands, logistical and technical services. This is a joint venture with Van Ommeren - Intexo).

Getronics achieved ISO 9001 quality accreditation in October 1992 for repair and maintenance services and the design and development of methods and systems for repair services. This is more comprehensive coverage than most, if not all, of its competitors.

Disaster recovery services are provided by Computer Uitwijk Centrum BV and are aimed principally at the mid-range system user with Digital VAX, HP 9000 and IBM AS/400 platforms, but, in addition, the service includes IBM mainframes.

Getronics operates a European Repair Centre, with facilities in both the Netherlands (Amsterdam) and Germany (Erlensee), it provides repairs for OEMs, distributors and end-users.

These fourth party services also include a Warranty Support Programme for Manufacturers and distributors and extend to Warehousing and Logistics services.

This latter service is provided by Getexo (a partnership with Van Ommeren Intexo) and is offered on a pan-European basis.

Financial Performance

Despite poor market conditions throughout Europe in the 1990's, the Getronics Group has maintained significant progress from both organic growth and from acquisitions. Group financial data for the last four years are shown in Exhibit 2.

Getronics Group — Financial Performance

\$ millions @ 1.94				
	1990	1991	1992	1993
Revenue	340	426	529	670
Profit before Tax	160	—	47	52

Source: INPUT

In the first half of 1994 revenues increased to \$340 million and generated operating profits (before tax) of \$25 million, both increases of 21% on the equivalent period for 1993.

Development of the Group

Getronics Service is part of the Getronics Group, one of the largest Dutch owned companies operating in the IT marketplace. The Getronics Group had total revenues of approximately Dfl 1,302 million (approximately \$745 million) in 1993.

Getronics Service is the result of a number of significant acquisitions in the Dutch marketplace. Its origins lie in Geveke

Electronica Service, which was founded in 1968 to provide after-sales service on the computer and peripheral products sold by Geveke Electronica.

In 1983 it separated from its former parent and the Getronics Group (Getronics NV) was formed, of which Getronics Service is a wholly owned subsidiary.

Geveke Electronica Service entered the independent maintenance business in 1978 and quickly became the market leader in Benelux, and one of the largest companies of this type in Europe. It has achieved a pre-eminent position in independent maintenance in the Netherlands through both organic growth and the acquisition of a number of smaller third party maintenance firms, e.g. Circle and KH Services.

Getronics is estimated to be over 10 times larger than its nearest independent competitor, Triple P. The only other significant players amongst the independents in the Netherlands are Thijssen, Granada Computer Services and ServiceTec.

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A Publication from INPUT's Customer Services Programme – Europe

March 1995

ATM Technology Management Group

The ATM Technology Management Group is a UK based independent maintenance firm founded in 1983 that generated revenues of nearly \$13 million (£8.3M) in 1994. It is part of the Euroserv consortium, a European wide network for independent computer repair and maintenance firms that is clearly targeted at allowing a number of relatively small and largely country specific firms to offer pan-European support services.

Eight firms comprise Euroserv, as listed in Exhibit 1, which it is claimed offer the services of over 2,000 engineers to provide the following services:

- On-site maintenance
- Technical appraisal and marketing assistance
- Logistics management
- Repair centres
- Training
- Equipment procurement.

ATM itself is organised into two trading subsidiaries, ATM and PULSE.

Exhibit 1

ATM Technology Management

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TASQ International
Zone D'Activite De L'Esplanade
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Tel: +33 164 126 100 Fax: +33 164 306 858

Bitronic GMBH
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Assist Italia Srl
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Eltec SA
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08907 L'Hospitalet De Llobregat, Barcelona
Tel: +34 326 10666 Fax: +34 326 10081

Telub AB
Telub PC Centre, S-351 80 Vaxjo, Sweden
Tel: +46 470 42000 Fax: +46 470 27600

Itris Maintenance AG
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Tel: +41 616 816 090 Fax: +41 616 816 147

Source: ATM

ATM

ATM undertook a radical shift in market emphasis during 1993 to address the difficult trading conditions it was meeting as service margins continue to decline. It then started to become involved in the specification, supply and integration of a wide range of computing technology.

In making these changes it developed its support services to address a broader range of needs from hardware and software support services through to disaster recovery and asset management services.

ATM offers these services either individually or as part of a facilities management solution.

Pulse

Technology Management Group's other trading entity, PULSE, offers fourth party repair services across what is claimed to be a very wide range of computer devices. In particular it has developed what is promoted as an innovative repair capability for state of the art disc drives.

In addition to its repair services, PULSE now offers a full range of computer spares and sub-assemblies.

The Pulse service centre operates from facilities adjacent to the M4 motorway at Newport, Gwent in Wales. The site contains two *Class 100* clean rooms complete with *Class 10* lamina flow work stations.

Financials

The Technology Management Group grew substantially in 1994 as is shown in Exhibit 2. An analysis of its principal sources of revenue is shown in Exhibit 3.

Exhibit 2

ATM Technology Management Group — Financial Performance

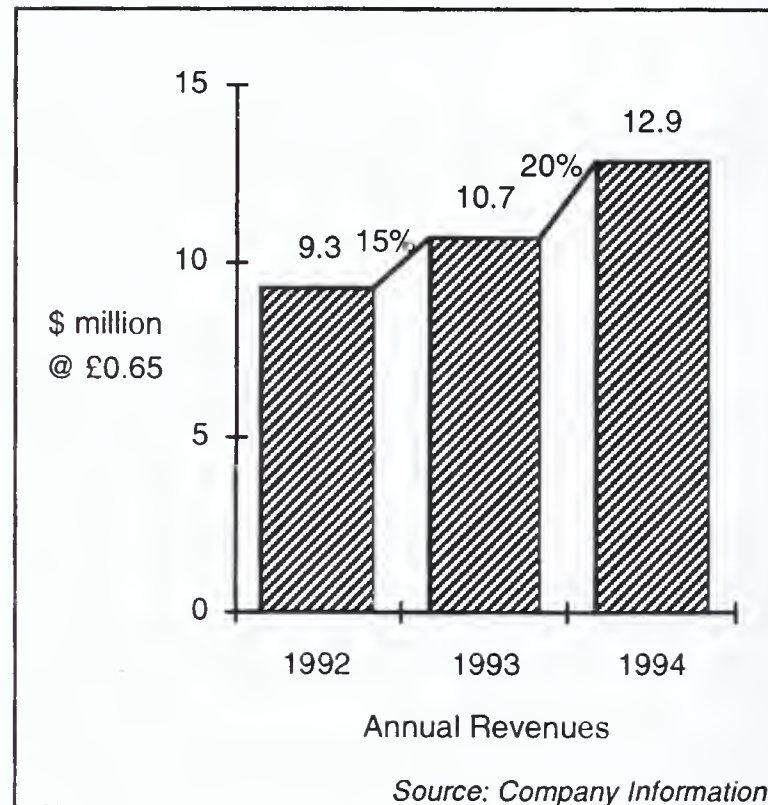
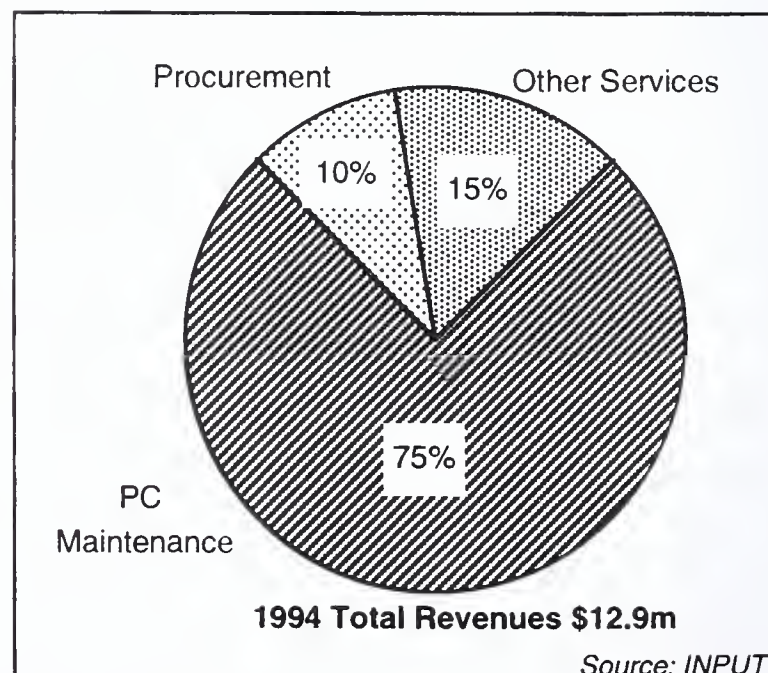


Exhibit 3

ATM Technology Management Group — Analysis of Activities



Support Services

ATM provides defined levels of support and service in the following areas:

- Software Support Services
- Relocation Services
- Network Support Services
- Disaster Recovery Services.

In particular the organisation offers a premium service for network equipment involved in supporting mission critical applications.

The service level aim is to attend all calls on the same day with the objective of having systems up and running for the start of the following day. It also provides out of hours cover 365 days per year.

ATM brands its PC support services, the majority of its business as *Technology Management*.

The *Ambassador* brand name is used for a service aimed at manufacturers or VARs who wish to outsource their support requirements. ATM offers manufacturers a warranty partner to provide on-line stock and spares appraisals.

A warranty enhancement facility is offered which allows upgrades for customers for extended periods of up to three years.

Computersource is the brand name used for ATM's PC procurement services.

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A Publication from INPUT's Customer Services Programme – Europe

March 1995

Triple P — Partnership, People, Performance

Although the Dutch independent maintenance market is dominated by Getronics, the subject of a separate profile, there exist several other organisations fighting to stake out a leading position in this business — Exhibit 1 lists the leading five independent maintainers in Holland.

Of these other firms one of the most aggressive competitors is Triple P, part of a group of companies controlled by the holding company Triple P Management B.V.

Triple P was founded in 1989 through the acquisition of an independent hardware maintenance and software support firm.

Exhibit 1

The Leading Independent Maintainers in the Netherlands 1994

Rank	Vendors	Estimated Sector Revenue (Dfl Million)	Market Share (%)
1	Getronics	240	70.6
2	Triple P	22	6.5
3	Thijssen	20	5.9
4	Granada CS	18	5.3
5	ServiceTec	16	4.7
	Total Listed	316	93.0
	Total Market	340	100.0

Source: INPUT

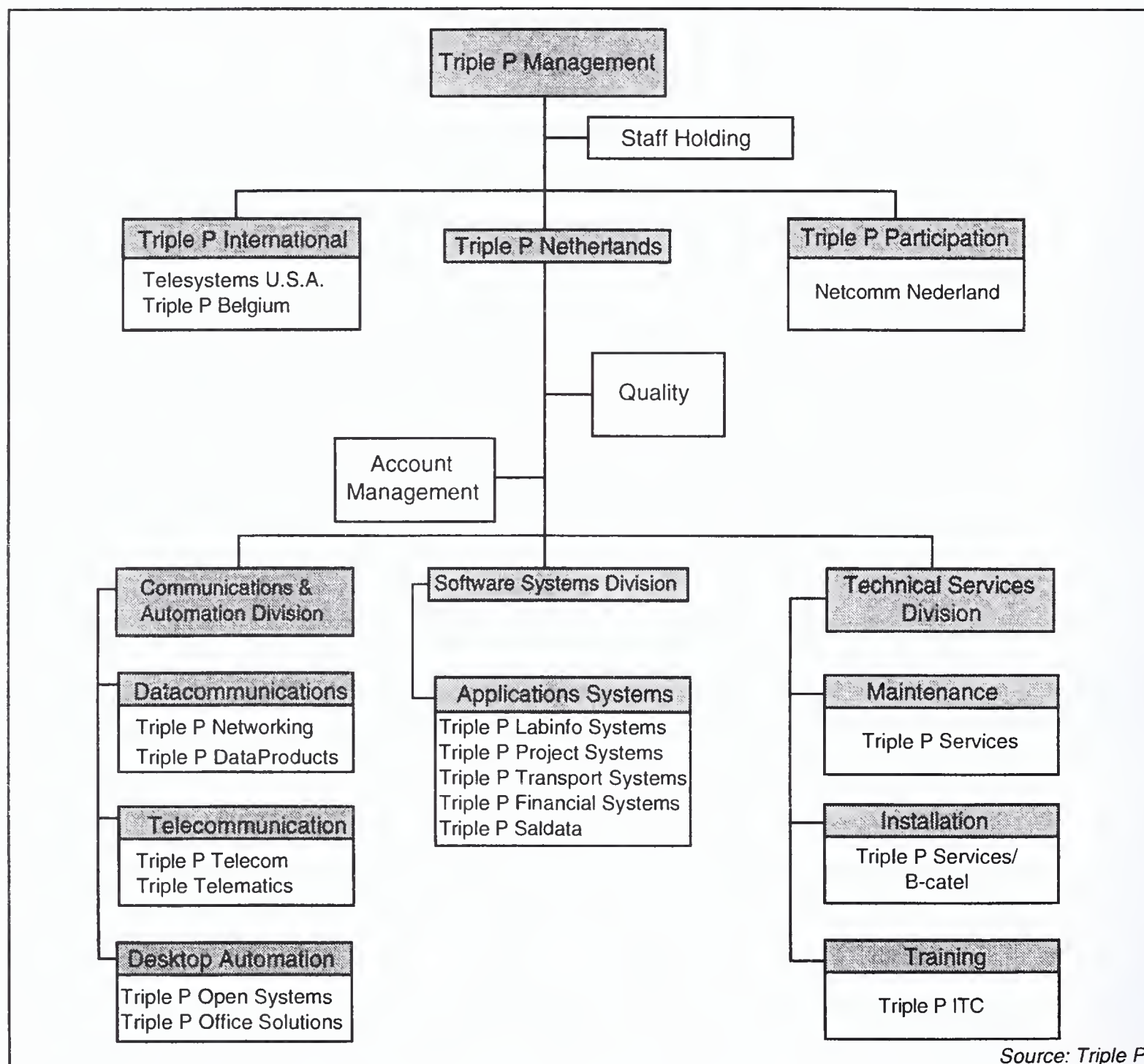
Triple P Management's subsidiaries represent a group of some 600 employees and total revenues of over \$72 million (Dfl 140 m). These subsidiaries operate in several areas of the information technology industry and

encompass the development, distribution and maintenance of hardware, software and integrated information systems.

Exhibit 2 shows Triple P Management's organisation chart.

Exhibit 2

Triple P — Organisation Chart



Source: Triple P

Triple P's *philosophy* is expressed in the company's name which stands for *partnership, people* and *performance*. More fully this is expressed by the company as:

- Through close collaboration (*partnership*) between customers, employees and suppliers (*people*), the organisation needs to create a stimulating environment, enabling both the customers and the company itself to achieve excellent results (*performance*).

Technical Services Division

The Technical Services Division operates as a supplier of services in the area of hardware, (standard) software, data-and telecommunications infrastructures, networks and training and education.

Due to the reorientation of the activities of this division which took place in 1993 both sales and profitability showed a slight decline. A number of straightforward service activities were phased out, while the emphasis was firmly placed on expansion of the maintenance contract and installation project portfolio.

The company is promoting a full service concept to major users in particular, with the entire logistics aspect relating to the availability of equipment required for information technology being outsourced to this division by its customers.

The Technical Service Division regards the management of comprehensive networks and the accompanying automation as a major growth market in years to come. Substantial investments were being made in 1994 to obtain an adequate market share whilst coping with the continuing pressure on maintenance prices for low-end products and

services. Triple P is considered to be aggressive on service pricing in the Dutch market.

Services

Triple P puts considerable emphasis on the view that a service organisation should be more than just a glorified work shop where repairs are carried out. The company is committed to its pre-and after-sales services which extend beyond giving quality support to the company's own systems, but also to those of third parties.

This support can vary from the traditional contract maintenance to innovative services, such as Communication Performance Analysis (CPA), in which Triple P's data communication and telecommunication specialists analyse the current operating costs of a customer's combined infrastructure. In most cases, advice can be formulated to enable customers to achieve substantial cost savings without additional investments.

The company also displays creativity in the area of traditional contract maintenance. In addition to contract formats varying from long-term contracts to invoicing on a cost plus basis, the actual cost of ownership can also be made visible, enabling customers to avoid unnecessary operating expenses. If required, Triple P can assume responsibility for the entire operation of the system. This form of facilities service management leaves the customer free to concentrate fully on its own core activity.

As an extension to the effort to arrive at the best possible solutions in collaboration with the customer, Triple P runs a professional training and education centre, which offers training courses to customers in all aspects of data communication, telecommunications and automation.

It is also possible for Triple P staff to set up and supervise the operation of systems installed on the customer's premises on a temporary basis.

Triple P's support organisation offers services covering all commonly used hardware and software systems, communications products

and operating systems, including peripheral and office equipment. The organisation operates a large number of support centres throughout the Netherlands, Belgium and the USA.

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March 1995

Econocom

The Econocom Group's mission is to be a partner to organisations in their choice of information systems. The group supports this mission through having an involvement in three basic lines of business:

- Leasing of IT products
- Distribution of PC's for business
- Support services.

The support services activity encompasses the provision of third-party maintenance services, the management of a client's installed base of equipment and IT training.

The Group was reorganised at the beginning of 1994 into two operating divisions, a leasing division and micro and service division.

Revenue Analysis

Although the Group is incorporated in the Netherlands as Econocom International NV and locates its headquarters there, it derives only 10% of its total revenues from that country.

Exhibit 1 shows the country distribution of its total revenues which reached \$310 million (603 million dfl) in 1993. This represented a decline of about 10% from 1992, attributed to

the discontinuation of their Italian operations. (Restatement of Econocom Group's financial units, excluding the Italian operations indicates an increase in the remaining activities of the group of over 7% for 1993 over 1992. At the time of writing Econocom were unable to provide any financial details concerning their financial performance in 1994.

Exhibit 1

Econocom's Revenues — Geographic Analysis

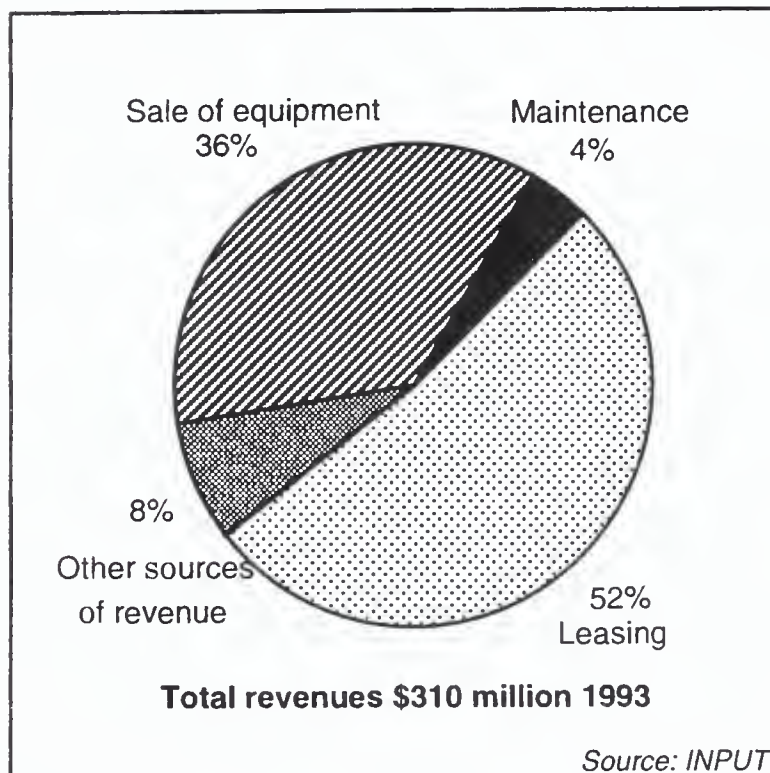
Country	Revenue \$m	Per cent
France	124	40
Belgium	84	27
UK	37	12
Netherlands	31	10
Switzerland	25	8
Spain	6	2
Germany	3	1
Total	310	100

Source: INPUT

Exhibit 2 shows an analysis of the Econocom Group's revenues by line of business activity. *Other* revenue includes rental income and the sales of rental receivables.

Exhibit 2

Econocom Group Revenues



Econocom Maintenance Services

Econocom's maintenance revenues at \$13 million (25 dfl million) represented only a small part of the Group's overall revenues and declined from a level of \$17 million (33 dfl million) in 1992 (excluding the Italian maintenance revenues which represented discontinued business).

To address the difficult trading environment within which the Econocom Group must operate, strong competition and margin erosion on computer equipment, the organisation has adopted a strategy to improve profits, productivity and its lease portfolio.

One initiative taken during 1993 to address these goals was the acquisition of Asystel Belgique, officially incorporated into the group in July of that year. This was expected to lead to a boosting of the company's maintenance revenues in 1994 as Econocom became by far the largest distributor of micro-computers in Belgium.

Econocom employed some 143 maintenance staff in 1993. Exhibits 3 and 4 show further analyses of Econocom's maintenance business. The number of mainframe sites supported, as opposed to the number of units of equipment, is estimated to be about 150. There are some one thousand mid-range sites supported ranging from IBM System 36 through to AS/400s.

Exhibit 3

Analysis of Maintenance Revenue by Equipment Type — Econocom

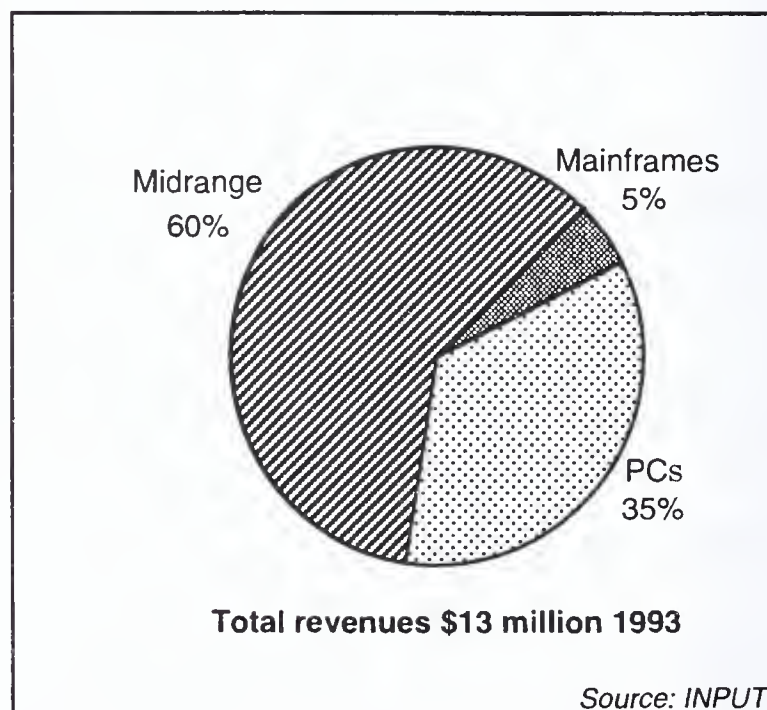
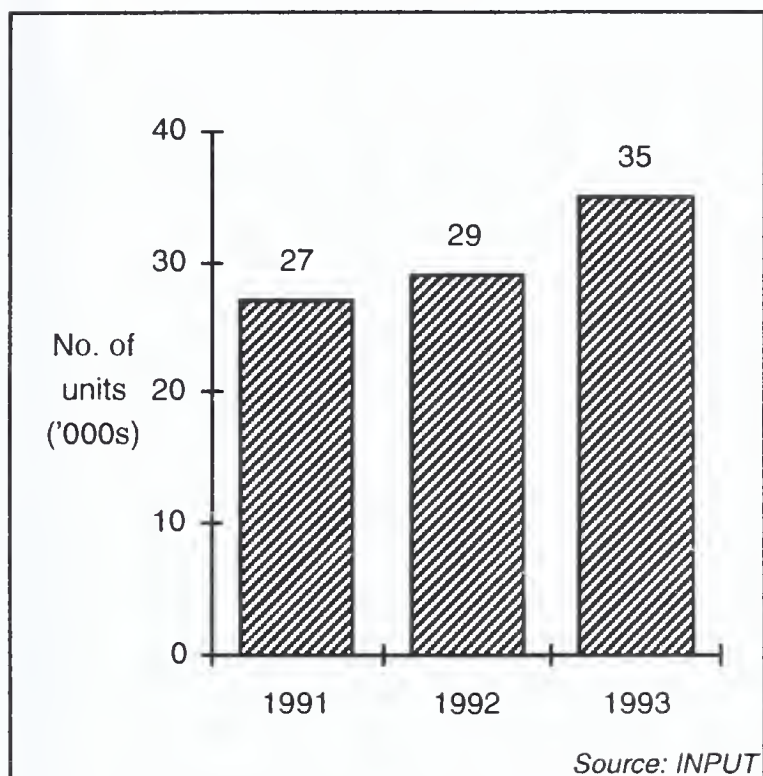


Exhibit 4

Progression of Units Maintained by Econocom



The Econocom 'Coach'

Econocom's maintenance activity has adopted the metaphor of a sports 'Coach', around which to develop their support offering for the desktop environment.

The Econocom's 'Coach' represents the human dimension necessary for the support of a substantial desktop environment. The mission of the desktop coach can be summarised as:

- Managing the installed base of micro computer equipment including, computers, software products and human resources.
- Providing a permanent support channel for the desktop users.
- Participating in the strategic decisions to be made by management concerning the on-going development of the desktop environment.

Econocom coaches are expected to follow regular courses to maintain and develop their knowledge, particularly of new products.

Econocom make a point of stressing the 'state-of-the-art' knowledge of their *coaches* and consequently their ability to support their client in the adoption of new technology.

Econocom recommend one coach for every 80 to 100 desktop users.

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- Systems plans
- Peer position

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Vendor Profile

A Publication from INPUT's Customer Services Programme – Europe

April 1995

Novell Now Offers Comprehensive Support Services

The market for PC software is becoming increasingly competitive, with a number of major players struggling for dominance. Novell's recent merger with WordPerfect has created a software giant which clearly intends to compete with Microsoft.

For Novell as for other PC product vendors, software product support is now a key issue; more and more mission-critical applications are running wholly or partially on PC platforms, and users are reluctant to commit themselves to vendors who cannot guarantee adequate levels of support.

Novell has taken the opportunity of its merger with WordPerfect to combine the best elements from each party's capabilities in a range of new support offerings.

Novell's stated support strategy focuses on "working with its service partners to empower its customers with easy access to quality information they need anytime, anyplace". In January 1995 Novell announced its new programmes for technical support, which contain four major features:

- Enhanced electronic services
- Customisable direct support

- Expanded product base for service partners
- Support for independent hardware and software developers.

Electronic Services now the Most Popular Delivery Mode for Novell's Software Support

Novell believes that more people now use its electronic support services than call its telephone support lines. To meet this growing demand, it is now integrating Novell and WordPerfect technical information under a single intuitive interface that is available through many sources, including:

- The Internet World-Wide Web
- Novell's NetWire™
- Compuserve™
- Network Support Encyclopedia Professional Volume™ (NSEPro), a CD-ROM-based technical support information base.

Customisable Support Addresses a Variety of User Needs

Novell now offers three levels of direct support:

- Classic Service™
- Priority Service
- Premium Service.

Novell's intention is to offer flexible and customisable services that meet the needs of all customers, from individuals to large organisations, with a format that is consistent throughout the world.

Classic Service offers an amount of free support, which is limited in some cases to the period immediately after a product is acquired, generally the time at which support is most needed. Exhibit 1 shows the key elements of *Classic Service*, which vary according to product group.

Exhibit 1

Overview of Novell's *Classic Service*

Consumer Products	Business Applications	GroupWare Applications	Systems Products
Service for current product versions	Service for six months	Three incidents *	UnixWare 30 days AppWare 30 days Personal NetWare 30 days Novell DOS 30 days All other products N/A
Toll phone call	Toll-free phone call	Toll-free phone call	Toll-free phone call
* Varies according to amount of product purchased <i>Classic Service</i> is available from 6 am to 6 pm, Monday to Friday			

Source: Novell

Priority Service uses the same major product groupings as *Classic Service*, but differs in being a chargeable service and in offering a wide range of options to meet different customer needs. Major options include:

- User contact:
Individual or Helpdesk
- Coverage:
12 or 24 hours per day
- Fee structure:
Per minute, per incident, or annual fee.

To illustrate the flexibility of *Priority Service*, Exhibit 2 shows the options available in that programme for the Consumer Products and Business Applications product groups.

Exhibit 2

Overview of Novell's *Priority Service* for Consumer Products and Business Applications

Users	Hours	Fees
Individual Users	12x5	\$2 Per minute \$25 Per incident † \$129 6 months \$249 Annual
	24x7	\$2 Per minute \$25 Per incident † \$349 Annual (1 user, unlimited incidents)
Help Desk	12x5	\$2,000 Annual (1 contact, unlimited incidents OR multiple contacts, 80 incident cap)
	24x7	\$3,000 Annual (1 contact, unlimited incidents OR multiple contacts, 80 incident cap)
† Incidents can be pre-purchased in any quantity. 12x5 indicates service from 6 am to 6 pm, Monday to Friday. 24x7 indicates service 24 hours a day, 7 days a week.		

Source: Novell

Premium Service is a high level of support offered to major account customers. Features of the service include:

- Round-the-clock direct access to senior support engineers
- Choice of annual contracts: unlimited incidents and limited contacts *or* a set number of incidents and multiple contacts

- Choice of optional extra services, including on-site visits and advanced technical training.

Service Partners Extend Novell's Support Capability

Novell undertakes to provide direct support to those of its customers who maintain internal support for their organisations. In other cases, Novell has appointed a large number of service partners, including:

- Resellers
- Distributors
- Original Equipment Manufacturers (OEMs)
- Novell Authorised Service Centres (NASCs)
- Third-party service contractors.

Collectively, these partners, many of whom support all of Novell's products, are able to offer effective local support to many types of user.

Novell anticipates that it will have to support one billion people by the year 2000. Without service partners to share this workload, it would have difficulty in building a sufficient support organisation to meet its customers' demands.

Third-Party Developers Support Complementary Networking Products

Novell has already approved over 7,500 products from over 500 third-party developers. Its "Yes, Tested and Approved" programme represents an effective mechanism for extending the range of useful products available to Novell's customers.

Novell Must Take Steps to Preserve its Leading Position

INPUT believes that Novell has designed a comprehensive programme of support offerings that will prove attractive to customers. To maintain its position as a leading provider of support services, it must:

- Ensure that its own support staff retain a comprehensive current knowledge of its product range, and are able to handle all types of customer, from experienced IT personnel to users with little or no computer experience
- Rigorously monitor the quality of all its service partners

- Ensure its pricing for support is competitive
- Resist the temptation to increase support flexibility beyond the point where users begin to feel bemused by an excess of options.

An encouraging sign is that Novell has said that it plans to announce enhancements to each of its support programmes throughout 1995. As long as this proactive attitude continues, and as long as no hint of complacency is seen, then the outlook is good for Novell Technical Support.

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Vendor Profile

A Publication from INPUT's Customer Services Programme – Europe

April 1995

Digital MCS Launches New Client/Server Support Services

Digital's Multivendor Customer Services division (MCS) has established itself as the biggest revenue earner within the organisation, contributing 30% to Digital's current worldwide revenues.

While Digital's professional services and computer systems groups have suffered in recent years, the MCS group has continued to flourish, building on its early lead in the increasingly important *multivendor services* market.

However, an interesting fact about MCS's advance is that the group has consciously played down the significance of multivendor capability *per se*. It has chosen instead to focus on developing innovative service offerings which, while essentially multivendor, appeal much more to users' real business needs.

Digital MCS launched its new strategy for IT support towards the end of 1994, the key aspects of which are:

- Renewed focus on client/server computing
- The launch of several new services aimed at easing the burdens of IT ownership and support.

This profile examines the MCS strategy, describes the new services on offer, and reports on early market response to these services.

Focusing on Client/Server Computing

In setting the new agenda for his group, John Rando, Worldwide Director of Digital MCS, has turned the spotlight on client/server computing. This is illustrated by the mission statement recently announced by Rando:

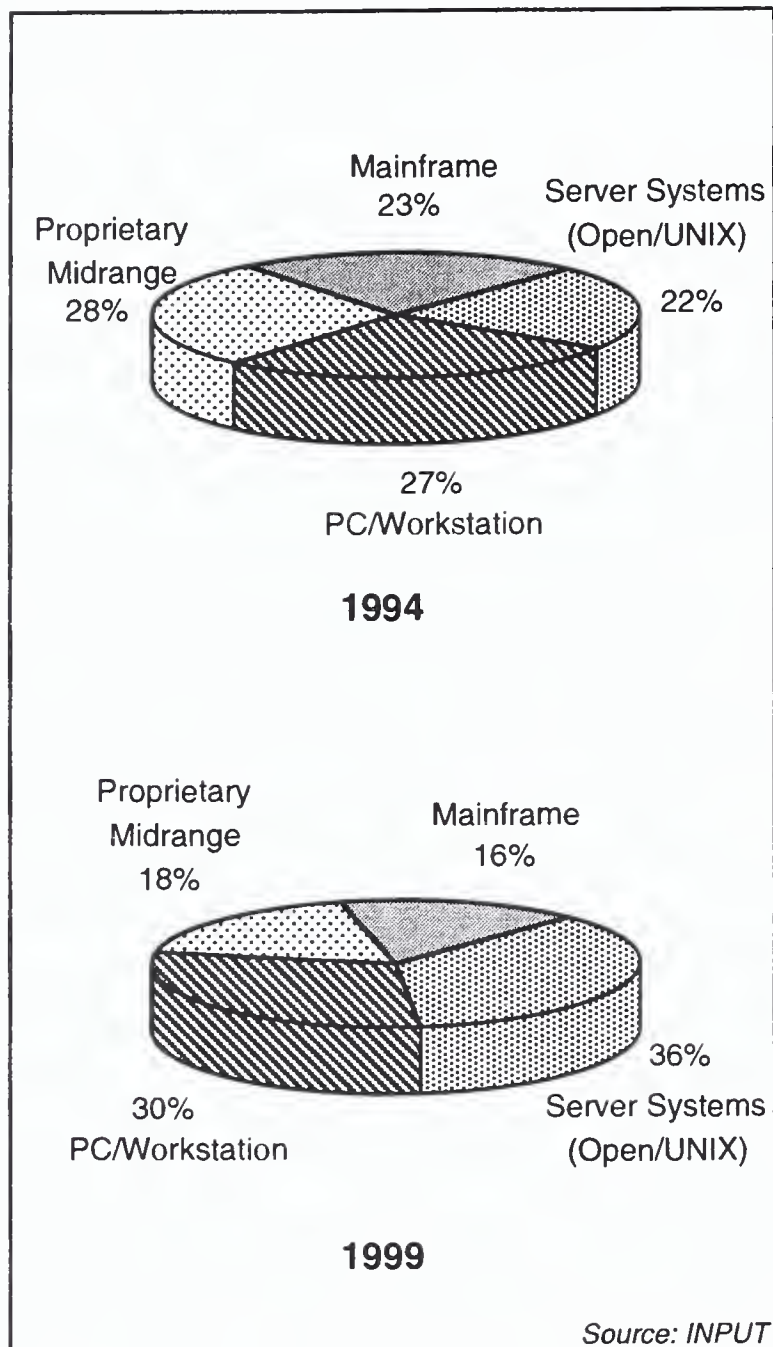
"To be the leader in supporting customers and their investments today, and as they evolve to client/server computing".

Rando has based his vision for MCS on the anticipated decline in mainframe and midrange computing, at the expense of client/server architecture. This is supported by INPUT's research which suggests that by 1999 customer services on mainframe and proprietary midrange platforms will fall from 50% to under a third of the total market.

By contrast, the open server and PC/workstation platforms combined (i.e. effectively the client/server market) will command almost 70% of the customer services market by 1999. (See Exhibit 1).

Exhibit 1

Customer Services Market Shift to Client/Server, 1994-1999



Key to MCS's strategy is the belief that successful client/server service providers will be those which take the risk of owning customers' IT problems, and guarantee effective resolution regardless of how, or from where, the problems arise. This means ensuring ongoing support for multiple applications across different networks, incorporating multivendor hardware and operating systems.

In order to position itself as a solutions provider, rather than a straightforward provider of multivendor product services, Digital MCS acknowledged the need to re-engineer its business model in four key areas:

- Service delivery
- Selling model
- Infrastructure
- Offer portfolio.

In 1994, MCS undertook a worldwide change programme to address all four of these areas. It created a dedicated salesforce for service delivery, enhanced its channel partner strategy, and reorientated its internal business practices to become more customer focused.

Finally, MCS revised the structure of its offer by rationalising its service portfolio. As shown in Exhibit 2, all MCS services now fall into one of four simple categories.

Exhibit 2

Digital MCS Offer Portfolio

Getting Started	Keeping IT Going	Improving Productivity	Managing IT
LAN Design	Parts	Software Publishing	System Management Support
LAN Installation & Startup	Part Exchange	Information Services	Remote System Management
Software Installation	Methods & Tools	User Application Support	Asset Management
Software Update Installation	Software Update Distribution	Developer Support	System Healthcheck
Interoperability Testing	License Subscription	Software Operational Support	Availability Review
Installation	Hardware Maintenance	Technical Advisory	Availability Partnership
	Supporting IT Providers		Product Disposition
	Component Repair		LAN Management Support
	Services Engineering		

Source: Digital

In addition to reengineering its internal business model, MCS has also looked outside to establish technical and marketing alliances with key players in the client/server computing arena.

Digital was the first vendor to become a full Novell Technical Support Alliance Partner, and MCS operates a number of Novell Authorised Service Centres across Europe. MCS is also a Microsoft partner, and was first to offer a wide range of services for Microsoft NT.

MCS has prime access to development teams within Novell and Microsoft, and has similar arrangements with WordPerfect and Lotus.

New Services Aim to Ease the Burden of IT Ownership and Support

To coincide with its re-launch at the end of 1994, MCS announced key programmes which demonstrate its commitment to tackling the problems of client/server computing.

Two programmes which have been given a particularly high profile are *Software Utility* and *PC Utility*.

These “umbrella” programmes, which encompass a variety of individual service components, are being promoted on the promise of reducing the cost of IT ownership. One of the key messages MCS is conveying is the fact that between 60% and 80% of the cost of running PC hardware and software is made up of direct and hidden costs for management, support and administration. The two new services aim to reduce these costs substantially.

Customers effectively buy a tailored package made up from a variety of multivendor service options, many of which Digital already offers. Charging is on a per month basis (“pay-as-you-go”), to reduce the need for large cash outlays and capital expenditures.

The typical offering is a 3-year, all-inclusive contract. Terms and pricing structures apply worldwide.

Software Utility Promotes Asset Control

Software Utility aims to help customers manage the major events in their PC software lifecycle: acquisition, distribution, deployment, inventory management, license management and support services.

The utility provides facilities for software license management and distribution, which promise to reduce the cost of software ownership.

However, increased control and productivity are the major selling features of Software Utility, by virtue of a suite of advanced asset tracking and auditing facilities.

Exhibit 3 illustrates the scope of the Software Utility service.

PC Utility Offers Off-Balance Sheet Option

PC Utility similarly offers a full range of lifecycle services, from procurement and installation, through support and technology upgrade, to eventual disposal.

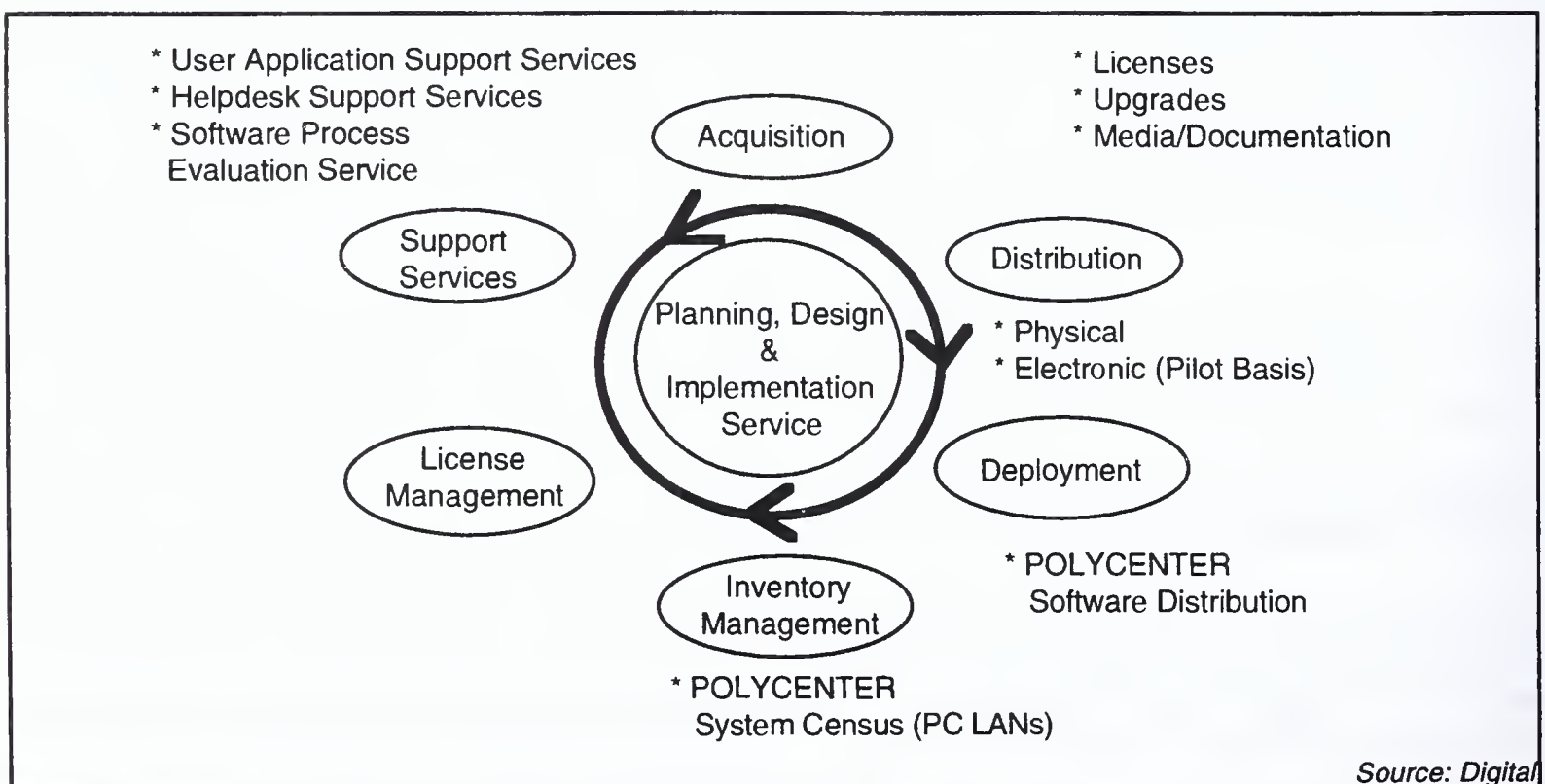
The utility offers the attractive benefit of technology refreshment, with users getting the latest technology throughout the term of the agreement.

However, perhaps the most attractive selling feature of PC Utility is that the customer does not have to take ownership of the PC equipment. The entire cost of the utility can be treated as an expense or budget item, eliminating capital costs. Digital MCS believes that the ability to treat PC purchases as *off-balance sheet* items rather than assets will have significant appeal to corporate purchasers.

Exhibit 4 illustrates the scope of the PC Utility service.

Exhibit 3

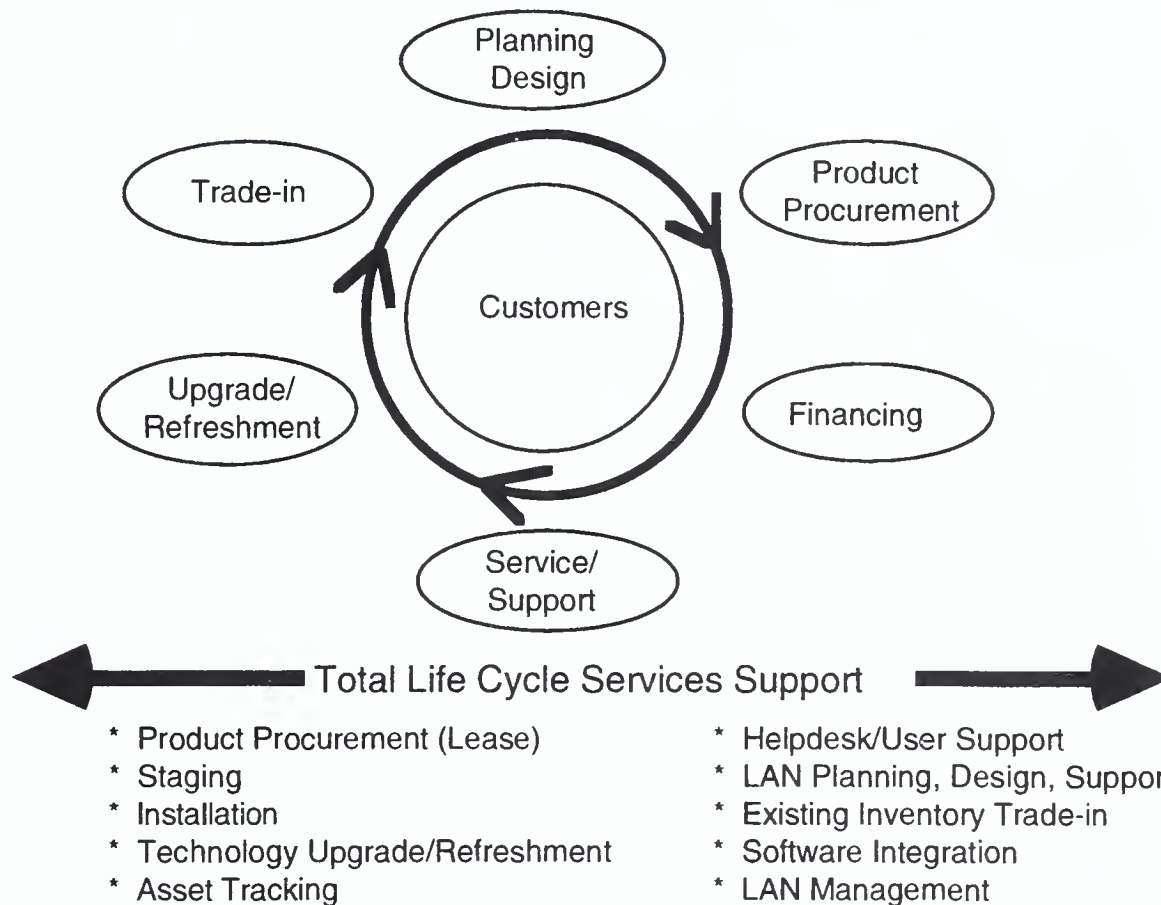
Key Components of Digital's Software Utility



Source: Digital

Exhibit 4

Key Components of Digital's PC Utility



Source: Digital

Market Responds Well to Digital's Client/Server Services

Digital's multivendor service focus has enabled it to maintain a prominent position in the European customer services marketplace. In 1993, Digital was ranked second only to IBM in terms of European customer services revenues.

However, the renewed focus on client/server computing has further added to Digital's contract successes, with the German market having responded particularly well in the last seven months. Exhibit 5 shows a selection of contracts won by MCS in Germany since August 1994.

Exhibit 5

Contracts Won by Digital MCS in Germany

Client	Contract Value (KDM)	Description
Hottinger	700	Consultancy, LAN integration and installation: 200 existing third party PCs and 150 new PCs. Startup and user induction for LAN software
Kernkraftwerke Stade	400	Multivendor PC LAN integration
Major Bank, Frankfurt	500	Multivendor PC LAN integration
ABB Kraftwerk AG	1000	PC LAN integration and service contract for entire data processing environment
Euro-Log	400	Design of Customer Support Centre: Helpdesk, tools, training, original concepts
Esso	350	LAN/OS2/SNA Gateway support and LAN management
Kodak	400	Staging of special hardware and software systems. Integration and management service (Windows NT/Novell, and Kodak software)
Perkin Elmer	300	Staging of special hardware and software systems. Integration and management service (Windows NT/Novell)
ABR	300	Corporate-wide LAN integration. Helpdesk operations
Unilever	450	Corporate-wide helpdesk for desktop systems
PKI	350	Maintenance and support of Sun servers

Source: Digital

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Vendor Profile

A Publication from INPUT's Customer Services Programme – Europe

April 1995

Groupe Bull Promotes Customer Service Division As Key Asset

The negotiations leading to the partial privatisation of Groupe Bull in 1995 have had their share of difficulties, and it remains to be seen how the group will fare under new ownership.

However, Groupe Bull is currently in better shape today than it has been for some years: in 1994 Bull demonstrated a significant improvement, both in terms of revenue growth and operational profitability. (See Exhibit 1).

Exhibit 1

Group Bull's Financial Recovery (FF Millions)

	1993	1994	Change
Revenues	28250	29915	+5.9%
Operational Results	(1892)	237	+2129 FFM
Net Results before provisions	(3418)	(660)	+2758 FFM

Source: Bull

Bull's recent turnaround is due largely to the reorganisations and management practice changes implemented by CEO Jean-Marie Descarpentries. Under his guidance, the group has been split into seven "client-centred" divisions: Emerging Technologies; Customer Service; Enterprise Servers; Open Systems and Software; Personal Computers (Zenith Data Systems); Systems Integration and Services; and Systems Operation (Integris).

One of the most significant developments has been the emergence of the Customer Service Division (CSD) as a key asset of Group Bull's total business. In 1994, CSD achieved overall business revenues of over FF7.3 billion.

Three key factors have contributed to the rise of CSD:

- Reorganisation into customer-focused, geographic units
- A market mission based on "continuity of business operations"
- The development of a comprehensive partnership programme.

CSD Reorganises to Get Closer to Customers

At the start of 1994, CSD underwent radical reorganisation. Herve Scemama, CSD Marketing Director, has referred to this as “extreme decentralisation into autonomous business units”, the result of which is shown in Exhibit 2.

CSD's declared focus is the implementation, support, maintenance and operation of IT infrastructure. CSD operations cover:

- Proprietary system services
- Open system services
- Desktop/network services

Proprietary system service revenues continue to decline as a result of price erosion and the end of product life cycles, but increasingly value-added service revenues are offsetting this decline.

Revenues from open system services and desktop/network services combined grew in excess of 20% in 1994. Overall, the value-added services sector (i.e. all services excluding equipment maintenance) grew more than 30% in 1994.

CSD's reorganisation into 10 national business units (each split by business segment) has enabled CSD to get closer to its European customer base. Over 5000 skilled field engineers are employed across Europe.

Also in Europe there are three international remote maintenance and support centres, and a pan-European logistics network for spare parts.

In addition to the European business units, CSD has established a strategic partnership with Wang, for coverage in the North America/Pacific region.

CSD's Mission is to “Ensure Continuity of Business Operations”

CSD describes its mission as “ensuring the continuity of business operations”. As part of CSD's mission, there are two clear areas of focus:

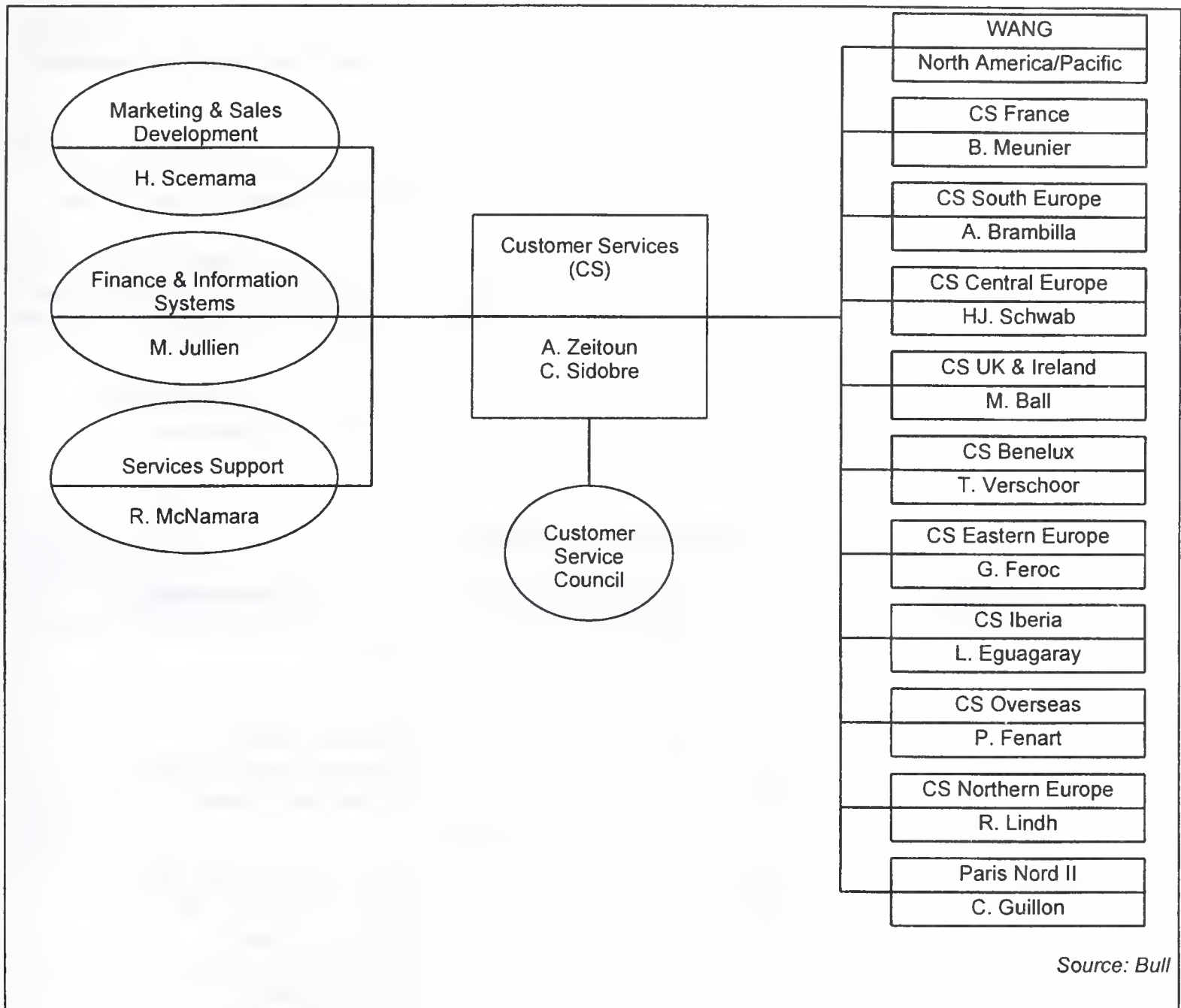
- Datacentre Disciplines
- Internetworking Management

Datacentre Disciplines is the area of traditional skills for CSD, but one in which support for open systems and the provision of multivendor services is increasingly important. CSD believes that it can apply considerable experience and knowledge of datacentre disciplines to provide a strong, competitive offer based on the concept of *availability services*.

In the area of distributed computing, CSD has chosen to focus on the fast growing LAN-WAN internetworking market. CSD believes that it can apply its distributed skills, and competence in fault management, to become a leading player in *internetworking management services*.

Exhibit 2

Bull CSD Organisation



CSD's internetworking services strategy is based on the belief that LAN-WAN integration is central to the IT expansion plans of most large corporates. CSD's analysis breaks down this service need into five essential components:

- Availability/fault management
- Performance
- Security
- Accounting

- Configuration management

CSD's offer addresses these five service needs and is backed up by three levels of service delivery:

- *Engineering and Consulting Team*, to monitor technology and market evolution; design and ensure commitment to service; select appropriate methodologies and tools; act as consultants for presales, special projects and last level support

- *Network Control Centres*, providing remote network supervision, alarm detection and diagnostics; permanent surveillance using probes on customer networks; and network management
- *Field Service Organisation*, providing all on-site activities including installation, configuration, moves, maintenance, repair and support.

CSD's Partnership Programme

CSD believes it is in a strong position to provide comprehensive support across a wide range of IT infrastructures and platforms. However, CSD recognises that, in order to fully exploit the

Exhibit 3

significant market opportunities identified in its services strategy, it must develop a comprehensive partnership programme.

CSD is looking to develop key partnerships with two principal aims:

- To realise cost improvements, both service delivery (people) costs and infrastructure costs
- To enable it to develop new business, by gaining access to new skills and technologies, as well as direct entries to new markets.

Exhibit 3 shows the types of partners CSD are pursuing in the key areas of its business.

CSD Partner Profiles

Service Area	Partner Types	Current Partners
Enterprise Systems	System vendors ISVs (for sharing infrastructure)	Wang
Open Systems	System vendors Software vendors ISVs VARs	Motorola (Europe) ComputerVision (Germany, Switzerland, Spain)
Desktop/Networks	System vendors Software vendors ISVs VARs	Packard Bell (Worldwide) Ungermann Bass (UK) Canon (Europe) Microsoft (Spain, UK) REIS (France) Comma (Scandinavia) Data System (Spain)
Environmental Services	Small installation firms Civil engineers	—

Source: Bull

Today, Bull is a more coherent organisation than it has been for some years, and is beginning to show the benefits of recent strategic changes. These changes are typified by CSD, which is now in a good position to exploit important new

opportunities, build key relationships with partners and customers, and improve its overall standing as an important European customer services player.

Exhibit 4 provides evidence of CSD's success in terms of recent contract wins.

Exhibit 4

Recent Examples of Bull Customer Services Contracts

Customer	Customer Needs	Solution
Petroleum and oil manufacturer	<ul style="list-style-type: none"> • Reduce cost of desktop operation • Improve desktop availability to exploit distributed applications • Project management for desktop user base 	<ul style="list-style-type: none"> • Installation and deployment services • Asset management • User support and training services
Electricity company	<ul style="list-style-type: none"> • Transition from datacentre to a distributed architecture, enabling host/desktop communication 	<ul style="list-style-type: none"> • Phase 1: Cabling and electrical network installation; prototyping of LAN manager • Phase 2: Removal of old terminals; network startup • Phase 3: Full configuration
Headquarters of international hotel chain	<ul style="list-style-type: none"> • Network expertise to support management of 500 desktops, LAN, mainframe (across 3 sites) • End-user assistance to exploit distributed applications 	<ul style="list-style-type: none"> • Resolution of network problem using an expert system • Network audit • Help desk

Source: Bull

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Vendor Profile

A Publication from INPUT's Customer Services Programme – Europe

April 1995

Hitachi Data Systems Rationalises European Territory

In 1994, Hitachi Data Systems (HDS) rationalised the distribution and support of its computer products in Europe. In effect, HDS withdrew from direct operations in Austria, Belgium, Germany, Italy, Netherlands and Spain.

The rationalisation means that HDS's main distributor, Comparex (BASF), now sells and supports Hitachi equipment exclusively in all but one of the countries listed above. The exception is Italy, where Olivetti takes sole responsibility as HDS distributor. See Exhibit 1.

Exhibit 1

Providers of HDS Equipment and Support in Europe

HDS	Comparex	Olivetti
UK Denmark France Israel Norway Switzerland Sweden	Germany Austria Belgium Netherlands Spain Greece Eastern Europe	Italy

Source: HDS

Corporate Structure

Hitachi Data Systems Computer Services is 80% owned by Hitachi Ltd and 20% owned by EDS, the General Motors Company. All European subsidiaries are 100% owned, self-managed, and with full profit and loss responsibility against set targets.

All subsidiaries report directly to the UK-based European management and the Customer Service and Support Organisation (CS&S) managers report directly to the country managers with dotted line reporting to Luc Bourmeau (European Director, CS&S).

Within CS&S, support services are provided by a new group called Product Operations. Within Product Operations are the European Distribution Centre which is located in the southern Netherlands, and the European Education Centre located in Frankfurt, Germany.

Exhibit 2 shows the extent of HDS's business operations across Europe.

Exhibit 2

HDS in Europe

Country	No. of Offices	No. of Staff
Denmark	1	21
France	5	103
Israel	2	14
Norway	1	3
Sweden	2	28
Switzerland	4	42
UK	5	90
Support		26
HQ		3
Distribution Centre (Netherlands)		26
Education Centre (Germany)		8
Total		364

*Source: HDS***History and Relationships**

Hitachi Data Systems Computer Services was created in 1989 when Hitachi Limited and EDS acquired the business from National Advanced Systems, the mainframe arm of National Semiconductors. Prior to its acquisition by National Semiconductors in 1980 it had been the field service arm of ITTEL.

Financial and Market Performance

Hitachi Data Systems' total service revenue, including revenue from spares sold to its distributors, is estimated at some \$120m. However, INPUT estimates pure service revenue (i.e. maintenance only) to be around \$90m in 1994.

It is company policy not to reveal a breakdown of actual figures or a split of revenues by activities.

Services and Strategy

Hitachi Data Systems provides a range of service offerings covering almost exclusively Hitachi's own mainframe computer hardware. Recent additions to the service portfolio include single source maintenance (SSM) and support for printers and automatic tape libraries (ATLs), ensuring that HDS is able to offer full site support to its customers.

The full portfolio of services provided is as follows:

- Hardware maintenance
- Installation
- Help Desk activities
- Disaster recovery
- Product sales
- Software maintenance
- Systems performance monitoring (remotely)
- Spare parts
- Add ons
- Problem identification
- Single Source maintenance.

Major hardware items supported include:

- Mainframes
- Disk Drives
- Tape Drives
- Solid State Disks
- Open Systems
- Printers
- Automated Tape Libraries.

HDS Also sells products and add-ons.

Principal Offices

Following the restructuring of territories in Europe which has taken place during 1994, a programme of office moves/consolidation is still taking place.

In general, customer service outlets coincide with sales outlets.

Contractual Arrangements

Hitachi Data Systems do not have fixed contracts. Each contract is negotiated and constructed on a customer by customer basis, offering flexibility of cover. Response times and service coverage are individually determined, as are service level agreements.

The normal response time offered is 2 hours, and on-site engineers can be provided if required.

Discounting is not appropriate, as each price is individually negotiated.

Competitive Positioning

Hitachi Data Systems considers its main competitor to be IBM, with no other company presenting a challenge. They do not see any competition from the third party maintenance companies as they feel that the TPMs would not invest in the level of spares which are necessary.

Hitachi Data Systems perceives its key strengths to be its quality and reliability of products, its investment in training, its international presence, the professionalism of its staff, and the backing of Hitachi.

This Company Profile is issued as part of INPUT's Customer Services Programme – Europe.
If you have any questions or comments on this profile, please call your local INPUT organisation or Paul Connolly at INPUT, Cornwall House, 55-77 High Street, Slough, Berkshire SL1 1DZ.
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Vendor Profile

A Publication from INPUT's Customer Services Programme – Europe

May 1995

ServiceTec – A Leading IMO in the UK and Netherlands

ServiceTec may not be the best known name in computer maintenance, but the company has quietly established itself as a leading independent maintenance organisation (IMO) in both the UK and Netherlands in recent years.

Exhibit 1 shows INPUT's assessment of the leading IMOs in both countries, with ServiceTec positioned prominently in both lists.

Exhibit 1

Leading IMOs Ranked by Equipment Maintenance Revenues, 1994 (\$m)

UK		Netherlands	
Granada CS	110	Getronics	120
ACT Network SI	22	Triple P	13
ND Service Team	22	Thijssen	10
ServiceTec	21	Granada CS	9
Firstpoint	20	ServiceTec	8

Source: INPUT

ServiceTec is a group of computer services companies, whose activities include:

- Installation, commissioning and maintenance of PCs, networks, midrange and mainframe computers. The group specialises in the support of Ferranti Argus equipment
- Design, supply and integration of LANs and WANs
- Repair, calibration and warranty support for manufacturers and importers of computer equipment
- Distribution of CAD software packages.

The development of the group to its present position can be described in terms of:

- A strong history of acquisitions
- The development of a strong and influential customer base
- A relatively steady financial history.

A History of Acquisition

ServiceTec started trading in 1989 as a \$2.4m management buy-in of Krypton, a small UK computer maintenance company. Later the same year, ServiceTec acquired the computer maintenance business of Ferranti for \$25m.

In 1991, the group acquired the Dutch operation Econocom Maintenance BV for \$6m, and the following year two further businesses, Infographics and Metrology, were acquired from Ferranti for less than \$1m.

This rapid growth by acquisition is summarised in Exhibit 2.

Exhibit 2

ServiceTec's Growth by Acquisition

ServiceTec formed from management buy-in of Krypton	1989
Acquired Ferranti computer maintenance business	1989
ServiceTec Computer Maintenance BV formed by acquisition of Econocom Maintenance BV	1991
Infographics acquired from Ferranti	1992
Metrology acquired from Ferranti	1992

Source: ServiceTec

The group is currently organised into five divisions, plus the head office in Stevenage, UK. The divisions are:

- ServiceTec
- ServiceCare
- ServiceNet
- ServiceCad
- ServiceTec BV.

ServiceTec installs, commissions and maintains Ferranti Argus systems, DEC and IBM midrange systems, PCs and peripherals. The company also carries out in-house repairs. ServiceTec is based in Manchester, UK, and has eight service centres employing 210 people across the UK.

ServiceCare provides repair and calibration services and warranty support for various manufacturers and importers of computer equipment in the UK. The operation is based in Oldham, UK, and employs 35 people.

ServiceNet designs, supplies and integrates LAN and WAN networks, specialising in open systems. The operation is based in Livingstone and Wokingham in the UK.

ServiceCad distributes a proprietary 2D CAD product known as Mazurka, and licenses a 3D CAD package from a US software house. Formed from the acquisition of Infographics from Ferranti, this division is based in Livingstone and employs 20 people.

ServiceTec BV operates in Holland and carries out activities similar to those of ServiceTec and ServiceNet. Its main business is maintenance, specialising in IBM 36, 38 and AS400 ranges. ServiceTec BV employs 90 people and operates from four locations.

ServiceTec operates through three boards: Group, UK, and Holland. The Group board is made up of:

- Chairman Alan Benjamin, a former director of ICL
- Group Chief Executive Andy Anderson
- Group Operations Director Jeremy Day
- Group Financial Planning Director Peter Moys
- Four non-executive directors.

Strong Customer Base

One of ServiceTec's key strengths is the quality of its customer base. The following are some of ServiceTec's leading contractual maintenance customers in the UK in 1994:

- British Telecom
- Ferranti
- Department of Transport
- British Steel
- DEC
- British Airways
- British Gas
- ICI.

ServiceTec's growth by acquisition has enabled it to develop a broad base of skills, and to penetrate a number of major UK accounts. More effective cross-fertilisation of engineering skills within the

group would enable ServiceTec to penetrate these accounts further, as well as win new business.

While ServiceTec maintains a broad range of computer equipment, one of its major strengths lies in the fact that the group owns all existing parts for the Ferranti Argus computer range worldwide.

Financial Assessment

The ServiceTec group has shown reasonable financial growth in recent years, though revenues have fallen off slightly in 1994 due to underperformance in the group's peripheral businesses. However, the UK and Dutch maintenance businesses remain fundamentally strong.

The recent revenue contributions of the five operating divisions are summarised in Exhibit 3.

Exhibit 3

ServiceTec Divisional Revenues, 1994/5 (\$m)

Division	Revenue
ServiceTec	19.0
ServiceCare	2.5
ServiceNet	-
ServiceCad	1.3
ServiceTec BV	8.0
Total (rounded)	31.0

Source: ServiceTec

Summary

The ServiceTec group grew strongly through acquisition in the late 1980's and early 1990's, and has established itself as an important player in the IMO markets of both the UK and the Netherlands.

However, ServiceTec is not a well known name, due perhaps to the fact that the engineering and sales capabilities of the variously acquired divisions have never been truly integrated.

Despite its involvement in network services and the CAD business, computer equipment maintenance

remains core to the group, and is the line of business most likely to succeed in future, despite the strongly competitive conditions of the IMO market.

ServiceTec has a reputation for the excellence of its engineers, and this is reflected by an impressive customer list, particularly in the UK. Arguably, ServiceTec's PC and midrange skills could be leveraged to better advantage in future, as the group seeks to grow organically rather than by acquisition alone.

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Vendor Profile

A Publication from INPUT's Customer Services Programme – Europe

May 1995

Hewlett-Packard's Strategy for Reducing the Cost of Desktop Computing

Many of the leading customer services organisations currently offer, or are in the process of developing, a desktop services portfolio.

To date, desktop services clients have been motivated largely by the desire to guarantee consistent user desktop support. However, the emerging challenge for desktop services vendors is to demonstrate that desktop services can also deliver cost reduction benefits.

Hewlett-Packard (H-P), one of the early entrants into the desktop services market, has already realised substantial success in this area. For example, in 1994, revenues from its European *Selective Outsourcing* services roughly doubled. INPUT estimates that H-P achieved outsourcing revenues of \$50 million in Europe in 1994. In the UK alone, H-P's Custom Services division saw its revenues grow by 88% last year.

H-P's desktop services offer targets distributed client/server environments and enables potential clients to outsource as much, or as little, of the support for their client/server infrastructure as they require.

However, the central argument used to encourage clients to adopt H-P as a service partner is the promise of substantial cost reduction. H-P's strategy to deliver low cost desktop computing is based on three principles:

- Ensuring that users adopt a common operating environment
- Automating the delivery of services
- Using partners to deliver services where appropriate.

Importance of a Common Operating Environment

The establishment of a common operating environment is one of the key steps H-P is taking to improve the productivity of both users and IT support personnel. H-P's Common Operating Environment (COE) is unique to each client, but establishes a set of common standards that apply to groups of personnel with common requirements within the organisation.

In terms of user productivity, use of a COE has a major impact on users' ability to access and share data within and between workgroups. This is becoming very important within geographically dispersed organisations.

Use of a COE also reduces support costs by reducing the complexity of software installation, updates, administration and technical assistance.

In addition, a COE enables economies of scale to be applied to software purchase. For example, it may be possible to support 200 users by means of a 50 user licence installed on a common server, since typically only a minority of potential users will need to access the application simultaneously. This approach can lead to a considerable reduction in licence costs compared to the purchase of individual copies of the software for each user.

One of the problems faced by organisations seeking to implement a common operating environment is their lack of knowledge concerning the current desktop installed base. INPUT's research has shown that asset management tends to be inadequately performed in the majority of organisations in Europe.

In response to this problem, H-P has introduced an Asset Management service in the U.S.. Within Europe, this service is currently being piloted in France and Germany, and is scheduled for launch in the U.K. in the 3rd quarter 1995.

The asset management service consists of a number of optional components including:

- Software licence management
- Hardware and configuration management
- Contract management
- Utilisation management
- Financial management.

The key benefits of this service are its ability to assist organisations in cascading PCs throughout the organisation, reducing equipment expenditure, its ability to save money on software licensing, and its potential to protect organisations from claims of unauthorised software use.

Inventory tracking on the desktop remains a difficult area to fully automate. However, H-P is using OpenView to track all network entities with an IP address, and is using a product called AssetView to store details of all known assets. AssetView stores details of over 200 data elements, stored against data categories such as software, hardware, configuration, maintenance, contracts, utilisation, financial and network configuration. For the software data category, for example, AssetView holds details covering:

- Type of software
- Version number
- Site licence
- Number of copies.

Automating Service Delivery

A major focus of H-P's customer services is on Unix systems management and network management. The scope of the company's network management coverage is shown in Exhibit 1.

Exhibit 1

H-P's Network Management Coverage

LAN Software	Network Protocols & Topology
Netware Lan Manager NT	SNMP TCP/IP Ethernet Token Ring FDDI ATM Interworking Devices

Source: H-P

While cost reduction has traditionally been relatively easy to deliver in the datacentre environment, it has been less easy to demonstrate in distributed desktop environments where vendors have typically needed to maintain a significant on-site presence. However, a number of vendors, including H-P, have recently been making major investments in automating their service delivery mechanisms.

H-P's remote management services are delivered over the same infrastructure used by H-P's World-wide Response Centres. In Europe, there are nodes in:

- Bristol, U.K.
- Dusseldorf, Germany
- Geneva
- Madrid
- Milan
- Paris
- Winnersh, U.K.

H-P has implemented processes and a standard platform at the global level to ensure the company's ability to provide common support to multinationals on a transnational basis.

While transnational service contracts are still rare at present, it is increasingly likely that large organisations will seek a common supplier to support their distributed client/server and desktop infrastructures across a wide geographic area.

H-P's systems management delivery model can be divided into three elements:

- Event management
- Optimisation management
- Operations management.

Event management covers both reactive and proactive functions. While much of the event management is reactive and monitors network failures, event management also proactively measures items such as network utilisation and disk space, enabling preventative action to be taken before a system failure results. H-P can remotely perform scheduling, fault isolation and verification, and multiple event correlation. H-P also uses intelligent agents, for example initiating a disk clean-up utility, to eliminate some of the need for human intervention.

To assist in network *Optimisation Management*, H-P logs all events for client reporting purposes. H-P's remote management services provides the client with up to 26 standard reports plus ad hoc and custom reporting as appropriate.

The *Operations Management* area still requires significant human intervention, but the operator is automatically provided with process guidelines for assistance.

The remote network management service is based around OpenView, which is well-suited to monitoring routers and servers. At present, H-P is not remotely managing client workstations for its customers, but is running internal pilots to develop this capability.

Examples of H-P's current desktop services contracts are listed in Exhibit 2. H-P's overall client/server management offerings are listed in Exhibit 3.

Exhibit 2

Examples of H-P Desktop Services Contracts

Client	Issue	Services Provided
Engineering Consulting Company (Norway)	Need to improve employee productivity Refocus IT department	Designed & implemented common operating environment Fixed price desktop services Financing & technology refresh
Investment Bank (U.K.)	Refocus IT department Need to improve user productivity	Desktop services
Telecommunications manufacturer (Europe-wide)	Need to supplement IT resources Cash required for investments	Desktop services including procurement, staging & installation, PC application help-desk, network & system management, finance for LAN environment
Distribution company (Netherlands)	Need to improve user productivity need to reduce IT costs	Staging, distribution, installation, maintenance, help-desk, asset tracking, client/server management
Aerospace manufacturer (U.K.)	Need to increase employee productivity	System management for SUN, Digital & H-P equipment Desktop services including maintenance, help-desk, & asset management

Source: H-P

Exhibit 3

H-P's Client/Server Management Offerings

Planning	Implementing	Managing	Co-ordinating
<ul style="list-style-type: none"> • Platform planning/design • Financial planning • Technology refresh 	<ul style="list-style-type: none"> • Migration • Network implementation • Procurement • Integration • Installation (including staging) • Financing 	<ul style="list-style-type: none"> • Asset management • Moves, adds, changes • Usage and problem resolution assistance • User training • LAN/Server management • Client management • Electronic software distribution • Maintenance services • Disposition 	<ul style="list-style-type: none"> • Project management • Call management • Information/management reporting • On-going management

*Source: H-P***Widespread Use of Partners**

H-P's positioning remains based on a supportive approach to organisations' existing IT personnel. Accordingly the company assists its clients in selectively choosing those service elements appropriate to its present situation.

H-P's clients within the organisation tend to be a combination of the board and IT management. The involvement of the board is important because it is

difficult for vendors to provide real benefit unless they can establish acceptance for the development of a common operating environment.

H-P wishes to act as the prime contractor in the delivery of its selective outsourcing services. However, the company needs to partner extensively to deliver its services. In particular, the company perceives that it has a strong need for partners in the areas highlighted in Exhibit 4.

Exhibit 4

H-P's Perception of Need for Partners

Consulting and planning	Product sourcing	Project management	Network integration
Staging and distribution	Installation	Migration	User training
Call management	Usage assistance	Maintenance	Moves, adds, changes
LAN management	Client management	Asset management	Leasing & disposal

Source: H-P

H-P is very dependent on local vendors for providing the manpower to enable installation moves. This is a very significant activity. H-P estimates that typically between 15% and 35% of a

customer's environment is in a state of constant flux. Furthermore, H-P would only expect to project manage activities such as the installation of cabling in initial implementations.

Company Profile

A Publication from INPUT's Customer Services Programme - Europe

1996

Digital Sharpens Customer Services Strategy

At a recent industry analysts' briefing in Geneva, Digital Computing outlined its new corporate strategy, including plans for the development of the Multivendor Customer Services division (MCS).

With a candour and clarity not normally witnessed on such occasions, Digital presented its vision for the future based upon its acknowledged core competencies; namely, high performance 64-bit Unix, Windows NT across the enterprise, and Internet connectivity.

Set against this backdrop, John Rando, VP and General Manager of MCS, presented his approach to services strategy, which is to:

- Offer an unmatched level of multivendor services, whilst demonstrating commitment to the installed base
- Introduce value-added market initiatives for growth
- Exploit emerging Internet and Intranet service opportunities.

Aiming to Stay Ahead in Multivendor Services

Digital's long-term commitment to multivendor services will remain central to its services strategy. Following several years in which the activities of the independent maintenance organisations (IMOs) posed a significant threat to Digital's basic service business, the last few years have seen the company develop a strong multivendor capability to fend off the challenge of the big IMOs.

This is reflected in INPUT's analysis of the multivendor services market, which ranks Digital number one overall in Europe (see Exhibit 1).

However, the harsh reality remains that even today, the multivendor portion of Digital's business has not yet offset the decline in proprietary (Vax) service revenues. Exhibit 2 shows that the 1996 revenue goal for the Availability Services group of the MCS division reflects a 3% decline (compared to 8% decline in fiscal 1994).

Exhibit 1

**Multivendor Services Leading Vendors,
Europe 1995**

Vendor	MVS Revenue (\$m)	Market Share (%)
Digital	530	9.1
ICL Sorbus	470	8.1
Olivetti	430	7.4
Getronics	280	4.8
ICG	230	4.0
IBM	225	3.9
Bull	225	3.9
Granada	210	3.6
Hewlett-Packard	190	3.3
Thomainfor	130	2.2
Total Listed	2920	50
Total Market	5800	100

Source: INPUT

Exhibit 2 shows the revenue goals of all three MCS groups (Availability Services, Productivity Services, and Network Services) set against Digital's own view of overall market growth in those areas.

Clearly, the company is expecting great things in the area of Productivity Services, which incorporates the value-added desktop services PC Utility and Software Utility (see INPUT's April 1995 profile), Outsourcing Services, Technology Migration and Internet Services. (See Exhibit 3).

Digital's continued push into the multivendor services market is underpinned by several key alliances. In the last 12 months, Digital has signed three major deals.

Exhibit 2

Digital MCS Revenue Goals, 1996

MCS Group	1996 Target Growth (%)	Market Growth, 1995-2000 (%)
Availability Services	(3%)	1%
Productivity Services	40%	6%
Network Services	35%	18%
Total MCS	3%	6%

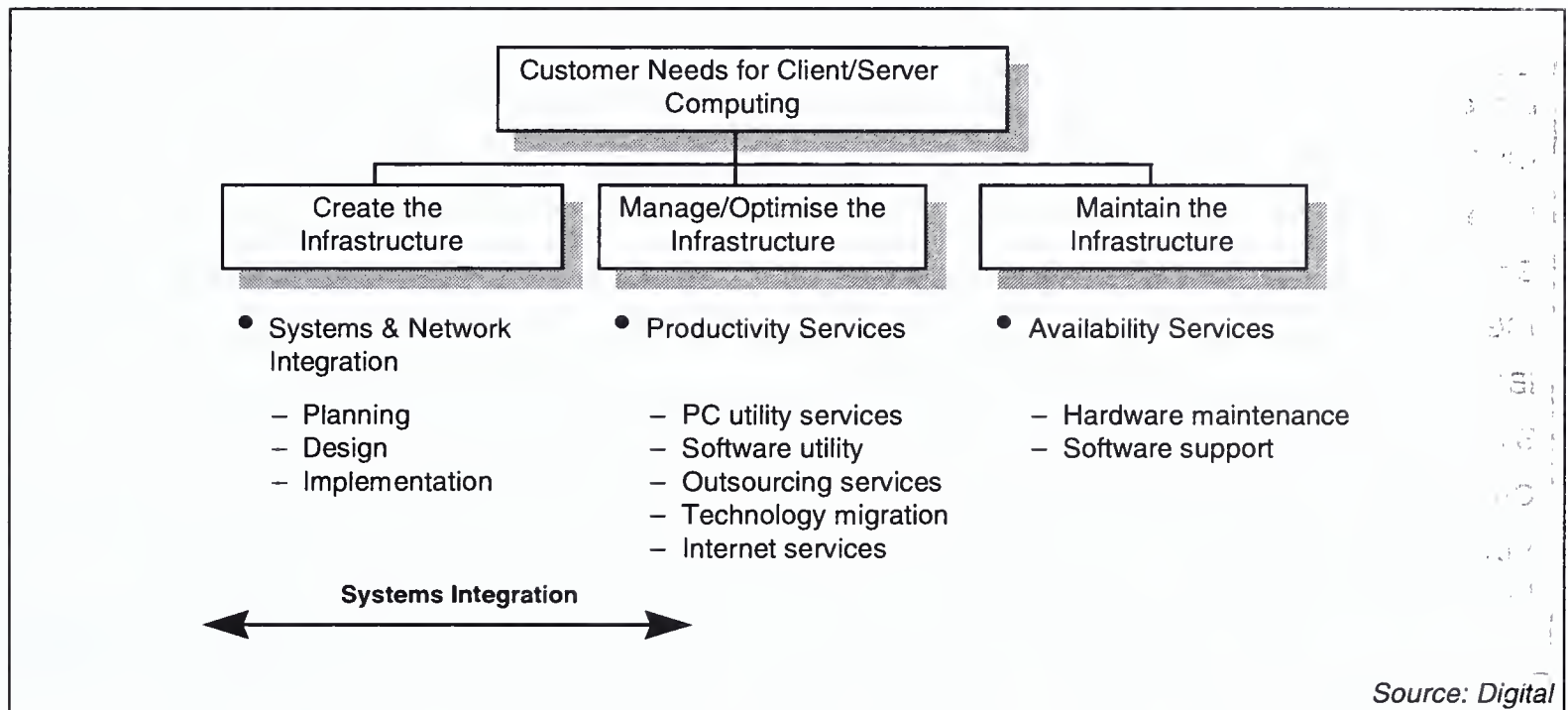
Source: Digital

In August 1995, Digital announced a strategic alliance with Microsoft to meet increasing demand for Microsoft-based solutions and support in enterprise-wide computing. Highlights of the alliance include:

- Substantial funding by Microsoft in Digital's support and systems integration business focused on Microsoft-based solutions
- Digital's commitment to train at least 1,500 new certified professionals for that business
- Commitment by Microsoft for products based on Alpha AXP-based systems
- Engineering cooperation
- Cross-licensing of patent portfolios
- Microsoft's licensing of Digital clustering technology for inclusion in future NT solutions
- Joint marketing and field engagements.

Exhibit 3

MCS Service Groups



Following on the heels of the Microsoft announcement, Digital signed a global deal with Compaq in October 1995 worth between \$250m and \$1000m over three years. As Compaq's Global Service and Support Provider, Digital will boost its multivendor credibility significantly with what may become the largest support and service contract in the industry.

Most recently, in April 1996, Digital sold the bulk of its network management (Polycenter) software to Computer Associates (CA) in return for access to CA's customer base.

As part of the deal, Digital will provide CA with a worldwide sales and support force for CA-Unicenter and other CA software. Digital will also offer multivendor support to CA's existing

customers, making up for CA's perceived weakness as a global support provider.

While the major thrust of the MCS strategy is to promote the multivendor business by means of key alliances, Digital is keen to demonstrate commitment to its installed base of Vax/VMS customers. Where possible, Digital will support customers in their transition to Alpha-based NT platforms.

Growth From Value-Added Customer Service and Systems Integration

The major part of Digital's multivendor service revenue is still derived from traditional equipment services. However, Digital has been active in developing a variety of value-added service offerings in the last two years.

In common with several of their competitors, Digital's value-added offer is based on the lifecycle concept; service and support is offered at every point on the IT lifecycle, from planning and design, through to support, technology refresh and, ultimately, trade-in.

Two value-added service initiatives which have attracted attention, not to mention industry awards, are *Software Utility* and *PC Utility*. These offerings aim to deliver service in the same way as a utility; i.e. use on demand at a pre-determined cost.

In the case of PC Utility, customers effectively buy a tailored package made up from a variety of multivendor service options. Charging is on a per month basis to reduce the need for large cash outlays and capital expenditures. The typical offering is a 3 year, all-inclusive contract, and includes a technology refresh option.

PC Utility costs from as little as \$150 per seat per month for a basic service, though the cost of the complete service is substantially higher. Since its launch in late 1994, PC Utility has sold several hundred thousand seats, and looks set to reach the million mark soon.

Software Utility provides facilities for software license management and distribution, and promises to reduce the cost of software ownership. Increased control and productivity are the major selling features of Software Utility, by virtue of a suite of advanced asset tracking and auditing facilities.

PC Utility and Software Utility are categorised as Productivity Services

within MCS. Also incorporated within Productivity Services is Digital's Outsourcing Services, which was a separate division up until April 1995.

The incorporation of Outsourcing Services within MCS reflects Digital's ability to reach across the services spectrum, and enables it to pull together resources from a single group for deals ranging from one-off subcontracts to multi-year FM deals. Digital claims that its outsourcing business is currently growing at between 20% and 25% per annum.

Another area which Digital is promoting actively is System and Network Integration (see Exhibit 3). Here, MCS is carefully aligning its role with that of the big systems integrators such as Andersen Consulting, with whom they are bidding for large contracts as partners (banking contracts in Spain being a prime example).

On large SI contracts, Digital provides the application management, network integration and operations management components, while Andersen fronts the business process and application development components of the project. Currently, the two partners are involved in a number of bids, including a \$180m SAP-related project in the Health sector.

Internet and Intranet Provide Future Focus

Apart from Sun Microsystems, Digital has perhaps the highest profile as an Internet provider of all the big systems vendors. This is due largely to the following factors:

- Digital's established networking expertise, which has enabled it to capitalise on the boom in Internet installations. At present, the demand for dedicated servers, switches and routers to manage networks for Internet access shows no signs of abating
- Its leading-edge 64-bit Alpha technology, which is being harnessed widely for Internet server access
- AltaVista, which has become acknowledged as the most sophisticated World Wide Web search engine available.

Digital's new Customer Connectivity vision, outlined by Ilene H. Lang, VP of the Connectivity Software Business Unit, is to enable organisations to:

- Seamlessly access all information within the enterprise
- Meet the needs of a more flexible and mobile workforce
- Create virtual corporations with partners and suppliers
- Create new distribution channels direct to customers

Digital is now actively promoting the Internet as the "business environment of choice", and is confident of its ability as a connectivity solutions provider. Digital's goal is to achieve overall market leadership in its chosen Internet/Intranet segments (Integration

and services, software, platforms and servers, and network components). Digital also makes no secret of the fact that it wishes to achieve awareness comparable with that of Sun Microsystems.

Digital's Internet Services portfolio is shown in Exhibit 4. The market entry strategy for its Internet/Intranet business has three strands:

- Optimising workplace productivity for the business user, which includes not only users based within the enterprise, but also SOHO (Small Office Home Office) and HOBO (Home Office Branch Office) workers
- Use of AltaVista popularity as a search engine to establish the AltaVista software brand
- Entering the market with a bold, aggressive sustained launch.

The plan to develop the AltaVista brand with the launch of a suite of software products will be key to Digital's Internet/Intranet success.

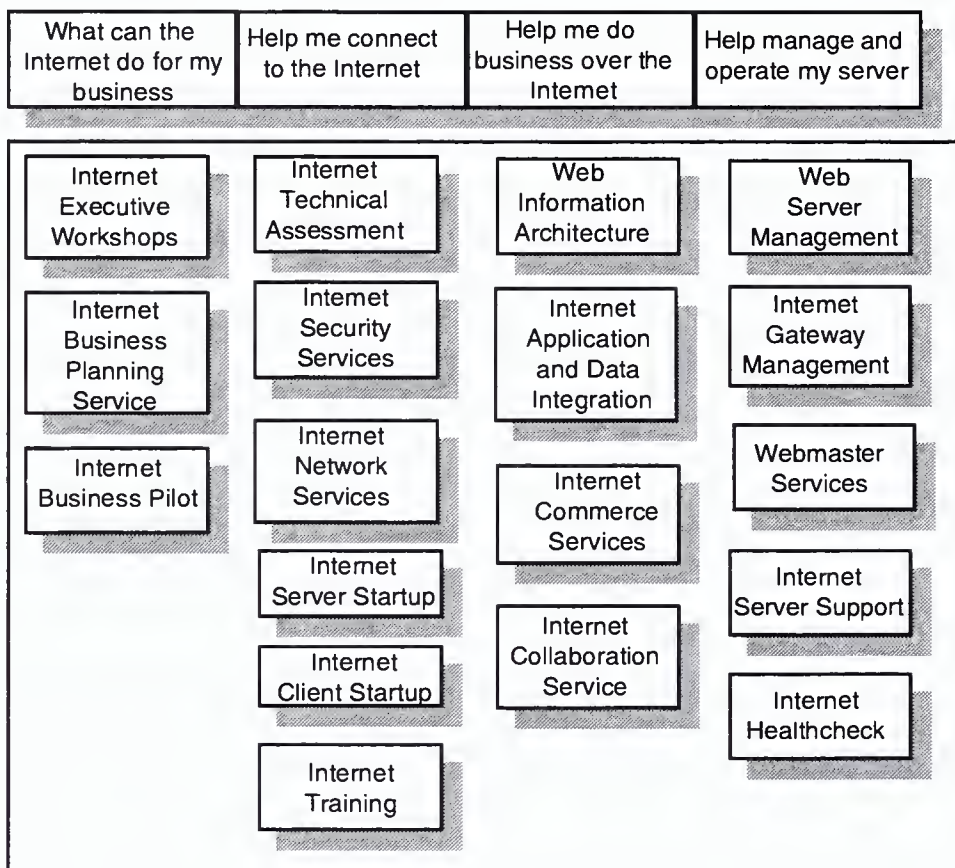
Two sets of AltaVista solutions will be launched in the near future:

- The AltaVista Intranet solution will be launched initially in May 1996, with a progressive launch programme building momentum towards Autumn 1996

The AltaVista Cyberworker solution will be launched at Comdex in Autumn 1996.

Exhibit 4

Digital's Internet Services Portfolio



Source: Digital

Digital's clear plan is to make a major splash with both these initiatives later in the year. It is expected that the combined effect will be to create significant downstream opportunities for:

- AltaVista Intranet servers

- Enhanced networks
- Multivendor services
- Systems integration
- Software distribution
- AltaVista mirror sites.

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Company Profile

A Publication from INPUT's Customer Services Programme - Europe

1996

Euroserv — Service Partners Across Europe

Associations formed by small, national services organisations have emerged in the past decade, primarily for the purposes of leveraging their capabilities on a pan-European basis, as well as to benefit from the exchange of country specific ideas and experiences. ICG (International Computer Group), a global consortium of resellers and systems integrators, is an example of an association formed for such purposes.

Euroserv is a consortium whose need to consolidate its efforts at a European level is increasingly driven by growing competition from larger equipment manufacturers in the multivendor services arena. By combining to offer a broader-based portfolio of value-added services and solutions, these smaller companies can compete more aggressively.

This profile examines the evolution and activities of Euroserv and focuses in particular on four member organisations:

- ATM in the UK
- TASQ in France

- Metrolico in Spain
- ITRIS in Switzerland

National Players Gain European Perspective

The Euroserv consortium was founded in 1983 by seven independent maintenance companies, to broaden their own national customer bases and to provide pan-European services.

The members of the consortium provide services solutions to OEMs, finance companies, multi-nationals, banks, major corporations and industrial companies throughout Europe.

Yet despite revenue growth of its members, the services threat from the larger equipment manufacturers cannot be denied. Exhibit 1 shows that the top three positions in INPUT's 1995 multivendor services rankings are held by equipment vendors.

Exhibit 1

Leading Multivendor Services Vendors, Europe 1995

	Vendor	Estimated Revenues (\$m)	Market Share (%)
1	Digital	530	9.1
2	ICL	470	8.1
3	Olivetti	430	7.4
4	Getronics	280	4.8
5	ICG	230	4.0

Source: INPUT

Euroserv makes the ambitious claim of being Europe's foremost independent computer repair and maintenance company and states its objectives as:

To act as an association to promote and develop a market for pan-European service and support contracts. These contracts will be performed locally throughout Europe by the member or their affiliates.

Euroserv currently has 1500 IT specialists in total and aims to expand its membership. Bitronic in Germany and Telub in Sweden are the only original members of Euroserv that still belong to the consortium.

Current members are listed in Exhibit 2, along with details of 1995 revenues and numbers of employees.

Euroserv's pan-European service offers "a unique network maintenance solution" to any company selling, using or installing computing and communications equipment in Europe. The full service portfolio is currently as follows:

Exhibit 2

Euroserv Member Details

Member	Date Joined	1995 Revenues (\$m)	Employees
ATM UK	1988	16.0	165
TASQ France	1993	46.4	400
Metrolico Spain	1995	20.8	280
Bitronic Germany	1983	4.3	45
Assist Italy	1991	3.7	65
Telub Sweden	1983	11.2	900
Itris Switzerland	1994	15.5	130

Source: Euroserv

Maintenance

- On-site or at one of Euroserv's repair centres throughout Europe
- Warranty services undertaken for manufacturers

Major manufacturer partnerships include: Amstrad, Apple, AST, Cisco Systems, Comapq, Dell, HP, Microsoft, Motorola, Novell, Ricoh, Sun and Vobis.

Logistics Management and Product Appraisals

This service is primarily aimed at manufacturers, resellers, suppliers, or multinationals to assist in preparation and installation of IT equipment. This preparation can also include a technical appraisal to ensure conformity for the country concerned.

Software Support

For the popular operating systems and standard application packages support can be provided in the language required for each country.

Helpdesk Services

Euroserv's local helpdesk services are available to log calls, initiate further actions by other parties, seek advice or request information. Additionally the helpdesk coordinates the services of all involved, capturing vital data and statistics on products and services delivered.

Consultancy and Project work

A requirement for specialised skills or further resource can be fulfilled on a European basis. Typically, the requirement may be part of a major re-equipping project, development process or an upgrading of hardware or software.

Electronic Repairs

Euroserv's repair centres throughout Europe can undertake work on a broad range of products. In addition to the standard computer and peripheral repairs, Euroserv can also undertake specialist work on communications, telecommunications and HDD devices.

Network Services

Both LAN and WAN services are available. Such services include monitoring and managing service work carried out within the Network.

Product Sourcing

To supplement user or supplier requirements Euroserv can source products and upgrades. Necessary preparation and installation work may also be undertaken.

ATM (UK) — Support and Procurement For Desktop Computing

ATM Technology Management group (ATM) was established in 1983 and provides nationwide computer services to both industry and commerce. It targets its services primarily at small and medium-sized enterprises.

In recent years the company has expanded its services offerings to complement the independent hardware maintenance that it already provides. The company now delivers a full range of support and procurement services for the desktop computing environment, including:

- Hardware maintenance (ATM currently provides support service to over 8,000 sites in the UK)
- Project support (including software support)
- Disaster recovery (including network management)
- Asset management (including equipment purchasing)
- Help desk services (outsourced help desk service).

ATM joined Euroserv in 1988 in order to meet the growing requirements of its corporate accounts for the provision of IT services across Europe. Membership was and still is seen as a means of generating additional revenues across Europe.

Major clients include Dalgety, Elf Enterprise, Caledonia, National Tyres, New Japan Securities, Dairy Crest and NEC.

TASQ (France) — Critical Support for the Financial Sector

Created in 1983, TASQ is a 97% owned subsidiary of the holding company CDR Enterprises (Consortium De Réalisation).

In 1991, TASQ International was formed as a result of a merger between Metroservice and TASQ. The company today is known simply as TASQ. Exhibit 3 shows some of TASQ's achievements to date.

In an effort to change its image from being a maintenance company, TASQ is now defined as: "an independent, computing, maintenance and services company" (according to SYNTEC-Software & Services association of France).

More recent attempts to "re-image" the company have been made by the development of more valued added services. These include technical help desk services; environmental services (for example, cabling) and business continuity services.

Essentially, however, TASQ specialises in the maintenance of ATM (automatic teller machines); provides desktop & LAN services (for mid-range and mainframe platforms); provides network installation and services, and hardware and software configurations.

Exhibit 3

TASQ's Achievements To Date

- 190,000 hardware units maintained
- 35,000 repairs carried out in the laboratory
- 6,000 platform integration projects
- 700 network sites
- 7,000 calls/month handled
- 90,000 interventions/year

Source: TASQ

TASQ's target markets are:

- Large organisations, mid-sized companies and computing companies
- Banking, government, utilities and insurance sectors. Exhibit 4 gives a detailed breakdown of customers by industry sector.

Key contacts for TASQ are firstly, the IT Manager, secondly, the Desktop Manager and thirdly, the Financial Director.

Exhibit 4

TASQ Customers by Industry Sector

- | | |
|----------------------------|-----|
| ● Banking & Insurance | 71% |
| ● Utilities | 6% |
| ● Telecoms | 1% |
| ● Transport & Services | 13% |
| ● Commerce & Distribution | 2% |
| ● (Manufacturing) Industry | 7% |

Source: TASQ

TASQ's future plans include:

- Development of Service Level Agreements (SLAs)
- Development of help desk and hot-line service offerings
- The creation of a division specifically aimed at addressing the needs of the consumer market
- Partnering for financial benefits.

TASQ has close (sub-contracting) ties with manufacturers, services companies and distributors who integrate the company's competencies into their broader framework offerings.

Although TASQ has a national network for support services in France, its membership of Euroserv has given the company greater Europe-wide opportunities. The company also claims that the consortium provides a useful forum for the exchange of ideas on issues such as market trends, logistics and resources.

Metrolico (Spain) — Engineering With a Project Focus

Metrolico, established in 1990, wants to be perceived more as a company of *engineering associates* and not merely repair services providers.

Metrolico aims to offer a high quality of maintenance service at a lower cost than its competitors. It regards the prerequisites to fulfilling this principle as the provision of a clear, "transparent" services offering, including:

- An integrated service for all IT products (hardware, software, office automation and communications)
- A single service supplier for the whole network of users, who have rapid access via a Hotline (and a single Metrolico point of contact).

Business is organised around individual projects tailored to clients' needs and is overseen by a local project supervisor.

Metrolico provides technical assistance to its clients regardless of equipment manufacturer. Metrolico claims to service 112 different brands of equipment, chiefly from NCR, IBM, Nixdorf, Fujitsu, Digital, Olivetti, Bull and Dell. Hardware is serviced by in-house personnel.

Metrolico's multivendor services offering includes technical audits of equipment and facilities; end-user training; inventory services, environmental services (cabling, etc), network monitoring and user support centres. This underlines the company's transition to a more value-added solutions provider.

The inclusion of a systems integration offering is another indication of Metrolico's attempt to retain a "value-added" edge over competitors, who are also now increasingly global.

Nevertheless, the nature of Metrolico's business is project-by-project. Its own nationwide coverage of 51 Technical Assistance Centres throughout Spain ensures strong services presence at the national level. The concept of offering clients a personalised service is entrenched in the company philosophy.

ITRIS Maintenance (Switzerland) — Leading Swiss IMO

ITRIS Maintenance AG/SA was founded in 1986 as an independent computer service organisation.

The company provides single source maintenance for IBM hardware (including AS400 and RS6000); DEC (including VAX4000, VAX6000, VAX8000); SUN systems and workstations; and Lexmark printers (as an authorised Lexmark service partner).

As with other Euroserv members, ITRIS has a large number of contracts in the banking sector. Exhibit 5 shows the quantity of systems/products currently under contract with ITRIS.

Exhibit 5

**Systems/products Under Contract With
ITRIS Maintenance AG**

System /Product	Quantity
IBM:S/36, S/38, 8100 series, AS400, RS6000	800
IBM 47xx banking products	2,800
DEC PDP, MVAXII, MVAX3000, VAX4000, VAX6000, SUN systems	400
Peripherals : printers twinax/coax (examples are Lexmark, Epson and Sharp)	50,000 (includes PCs)

Source: ITRIS Maintenance AG

The company aims to provide:

- Independent hardware services at (it claims), 25-40% below manufacturer maintenance prices
- 2 to 4 hours response time throughout Switzerland (ITRIS has over 70 engineers)
- Individual customer solutions.

The company targets the following opportunities:

- Consulting opportunities for IBM, DEC, Unix and network environments (hardware, software and systems management)

- DEC/Unix system tuning and performance optimisation (including remote system management)
- Network security
- Office automation support: All-in-1, Interleaf, ALIS and Uniplex.

Summary

By broadening their portfolios to include value-added services such as helpdesks, network management, outsourcing and systems integration services, Euroserv members can be said to be moving beyond the traditional boundaries of national IMOs.

However, while the Euroserv consortium offers its members access to a broader market, geographically, it is clear that most Euroserv members have yet to extend their ambitions substantially. Most members are looking to consolidate their national presence, whilst using Euroserv as a forum for exploring the potential for wider business opportunities; however, Euroserv members have yet to partner to any great effect on large pan-European deals.

As a tactic to increase the combined market share of its members, Euroserv is actively promoting partnerships with major manufacturers (these already include Apple, Compaq and IBM). A more ambitious scenario involves Euroserv extending beyond Europe, and attempting to achieve *global* leverage for its country members.

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Company Profile

A Publication from INPUT's Customer Services Programme - Europe

1996

Client/Server Group — EDS's Latest Move in Desktop Services Market

For some time, INPUT has reported the growing influence of the large outsourcing vendors on the IT customer services market. Of these, EDS, the leading outsourcing vendor in Europe, has had the strongest influence to date.

In September 1993, EDS launched its Technical Products Division (TPD) in Europe, with a view to developing a broad desktop services capability. However, given the strong mainframe-centric culture of the organisation, TPD has been slow to penetrate this market.

Partly in recognition of this fact, EDS recently decided to combine TPD with the existing Client Server Technology Services (CSTS) division, to form a single Client/Server Group (CSG).

This profile examines EDS's latest moves in the desktop services and distributed systems management arenas in terms of:

- The background to the creation of CSG
- CSG's launch of its Renaissance Distributed Systems Management offering

- CSG's framework for marketing Renaissance to its existing customers.

For TPD, Read CSG

EDS has been comparatively slow to assemble a full range of distributed systems management services. This situation has been exacerbated by the focus of the Technical Products Division (TPD), which has exhibited the characteristics of a distributor rather than those of an outsourcing vendor in recent years. TPD has largely focused on product supply and logistics rather than systems management.

However, EDS is now even more determined to develop client/server and desktop services business, hence its move to create the Client/Server Group (CSG) in Spring 1995.

The new group is a global entity focused on client/server services covering EDS' operations in the U.S., Canada, Europe and the Pacific Rim. It is estimated by EDS to have combined revenues of \$2.5 billion per annum.

Within Europe, CSG employed approximately 500 personnel at year end 1995 and aims to

employ approximately 1,000 by the end of the 1st quarter 1996.

The mission statement of EDS' Client/Server Group is *to create and optimise a standard Client/Server environment that provides a consistently high level of reliability and functionality and enables our customers to meet their business needs.*

CSG Europe is located in France, Germany, Italy, U.K., Belgium, Netherlands, Sweden and Spain. Its principal service offerings are listed in Exhibit 1.

Exhibit 1

EDS CSG: Service Offerings

Offering	Components
Outsourcing	Renaissance Distributed Systems Management
SI & Projects	Desktop systems Network systems (Lan/Wan) Messaging Lotus Notes
Services	Network & systems management Field services Technical consultancy & design Help desks Product fulfilment & management
Logistics	Product management Integration & shipping Order management
Product supply	PCs, Printers, Servers, Lan S/W licences - Microsoft, CA, Lotus, Novell

Source: EDS

Within its Renaissance Distributed Systems Management service, EDS aims to own the equipment and facilities for IT service and charge the customer a fixed fee for a fixed service level.

However, in contrast to EDS' typically highly bundled approach to outsourcing, EDS will also sell individual service packages based around, for example, help desk, network and systems management, and product fulfilment.

EDS is building Renaissance Centres to manage customers' client/server-based IT infrastructures remotely. However, EDS recognises that in some cases it will face infrastructures that are in need of considerable development and it may not be possible to manage such infrastructures remotely for some time. In other cases, organisations will regard their data as too sensitive for remote management to be acceptable. In instances such as these, CSG will build versions of its Renaissance management centres on client premises.

CSG expects clients' desktop infrastructures to progress through a number of stages of increasing maturity, namely:

- Initial
- Stable
- Consistent
- Leveraged
- Optimised.

The stage of maturity of the customer infrastructure determines the degree of reengineering required and the extent to which user support costs can be reduced and remote management implemented.

CGS's Launch Of Renaissance Distributed Systems Management

CSG Europe conducted an internal launch of its services to its fellow EDS Strategic Business Units (SBUs) in the last quarter of 1995.

CSG stressed its ability to take an holistic approach to the client's business, encompassing:

- The client's business needs
- Financial savings
- Staff transition
- Operations provision.

CSG has developed a number of tools to assist in selling its Renaissance services. In particular, CSG stresses that the assessment methodology within Renaissance is not technology-driven, but provides:

- Process/functional analysis
- Technology analysis
- Financial analysis
- Solutions development recommendations.

The principal components of each of these assessments are listed in Exhibit 2.

Exhibit 2

EDS CSG: Assessment Methodology

Assessment Area	Outputs
Functional	Identification of sources of support & skill levels Understanding of work flows Understanding of work patterns Definition of service levels identification of gaps & overlaps in service Baseline metrics for user satisfaction
Technical	Inventory of hardware & software Identification of hardware and software standards Definition of network & connectivity
Financial	Definition of all costs Identification of average cost per desktop device Increased visibility for each expense category

Source: EDS

Overall the Renaissance assessment aims to:

- Provide a comprehensive assessment of the current environment
- Define costs clearly
- Identify gaps and overlaps in service
- Identify service levels and service level expectations
- Compare existing processes with best practices
- Identify pockets of excellence that can be leveraged
- Ensure thorough understanding of the client's business situation and needs prior to in-depth consideration of outsourcing

- Provide detailed costs and benefits of outsourcing.

CSG's Marketing Framework

CSG will initially target existing EDS clients with its Renaissance offering. CSG does not have direct access to the market but must work in partnership with EDS' industry-facing SBUs.

The SBU owns the customer relationship and is responsible for leading the identification of benefits for each client or prospect.

CSG is currently working with the SBUs to develop goals and objectives, select targets, and form pursuit teams to market its services.

CSG regards itself as the Renaissance subject matter expert and provides the following sales support services to the SBUs:

- Presentation of offering to clients
- Bid management
- Proposal creation
- Costing management
- Contract negotiations.

Despite the technical nature of much of the Renaissance offering, EDS will stress its ability to contribute to the client's business goals through Renaissance. Specifically, EDS will stress Renaissance's capability to:

- Harmonise technology changes with changes in the client's business environment as business cycles continue to shorten
- Align client/server technology with business need
- Facilitate ongoing change
- Make mission-critical applications available throughout the client's organisation
- Manage technology costs.

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Company Profile

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1996

Computeraid — Supporting Distributed IT with a Personal Touch

Computeraid, a wholly owned subsidiary of Thorn EMI, was established in 1978 under the name of Karlin Computers. Since then the company has demonstrated rapid and sustained growth and in 1995, turnover reached £33 million.

Estimated customer services revenues of £22 million, makes Computeraid the third largest independent support services company in the UK after Granada Computer Services and Network Si.

Computeraid has grown and expanded its service and skills base significantly since 1980, yet it is interesting to note that of the original staff of 17, 14 are still employed by the company. Computeraid uses this fact as an endorsement of its "people-orientated" approach, which it applies throughout its selling process.

This profile looks at the progress of Computeraid, with particular reference to:

- Computeraid's Facilities Management (selective outsourcing) capability
- The company's focus on the retail sector
- The recently launched remote networking service, System Watch.

From Micro Maintenance to FM Service Provider

Computeraid has come a long way from the days of Karlin Computers. When, in 1980, Karlin was acquired by Software Sciences, it provided hardware maintenance services for micro (pre-PC) and retail equipment.

Exhibit 1 shows how the company has developed since that time, through acquisition in the 1980s and consolidation in the early 1990s.

Exhibit 1

Development of Computeraid

1980	Karlin acquired by Software Sciences
1982	THORN EMI acquired Software Sciences, with Computeraid established as an autonomous unit
1984 to 1987	Acquired Zygal Dynamics and ISG
1987	Computeraid Services became part of Datasolve Group
1989	Computeraid merged with Datasolve PC systems division to become Datasolve Computeraid
1990	Datasolve Computeraid became THORN EMI Computeraid and acquired Micrologic's retail software products, development and support team
1994	THORN EMI divested itself of Computeraid, retaining 20% stake. Other share holders Cinven (50%) and Management (30%)

Source: Computeraid

Recognising the need to offer “added value” service Computeraid has climbed the “value chain” of IT support in recent years. Today, Computeraid can boast expertise in multi-user systems and open systems technology, industry standard software and local area networking.

However, one of Computeraid's most significant service developments in recent years is its Facilities Management (FM) capability.

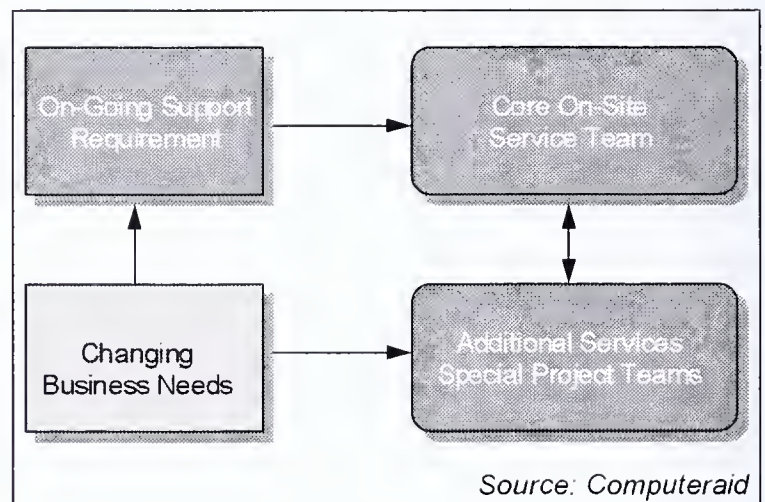
Computeraid defines FM as a related group of activities, such as hardware maintenance, software support, network management and

consultancy, that are outsourced to a service provider who assumes on-going management responsibility according to defined service level criteria.

By tailoring customers' specific IT requirements, a “Core Service Team” is assigned to undertake day to day responsibilities according to an agreed service level.

Exhibit 2 shows Computeraid's FM Management Model.

Exhibit 2

Computeraid's FM Model*Source: Computeraid*

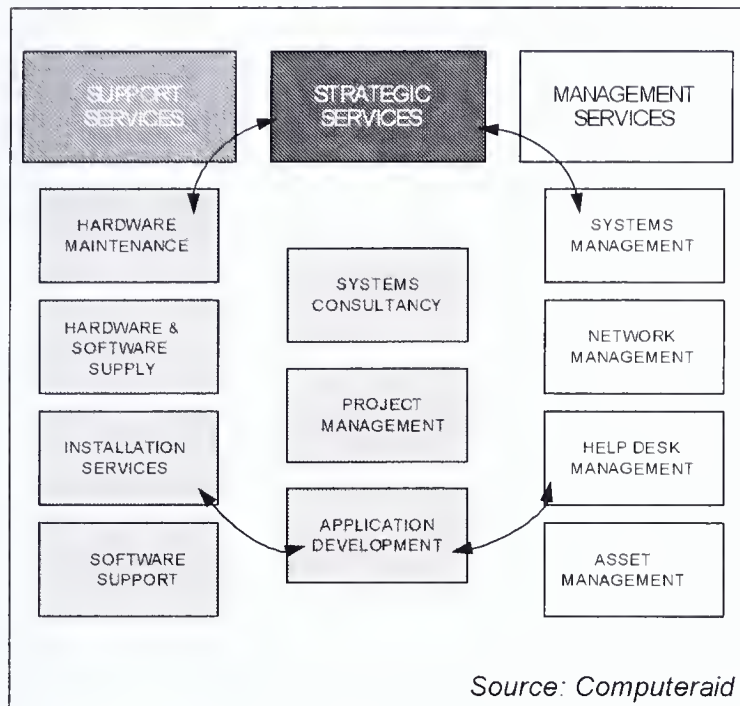
The scope of Computeraid's FM services covers desktop computing, distributed and open systems, LANs and WANs.

Services fall under one of three broad categories: support services; strategic services and management services.

Exhibit 3 shows the scope of Computeraid's FM services.

Exhibit 3

Scope of Computeraid's FM Service



Mercury Personal Communications (MPC), one of Computeraid's most prestigious accounts, provide an illustration of Computeraid's ability to apply a personalised approach to its service offering, with the provision of an on-site Core Service Team for the project.

Computeraid worked closely with MPC in the early 1990s during MPC's introduction of its Personal Communications Network (PCN). Computeraid's were involved in the design and implementation of the main system environment. Including AS/400, Sun and Unix systems, as well as a LAN that supported over 400 users.

Services provided by the on-site Core Service Team were:

- Network support and management
- Product supply and installation

- Hardware maintenance and software support
- Help desk, email support and administration
- Unix support and consultancy.

Strong Retail Focus

With its origins as part of Thorn EMI, Computeraid has a strong presence in the retail sector, supplying a specialist range of systems and services specifically for that market.

The company's experience in this sector includes the integration of EPoS systems based on its own EPoS software product Thorn Advanced Retail Application system (TARA). This open systems based retail application was upgraded to coincide with the launch of Windows '95.

Features of TARA include: back office functions at point-of-sale, full real-time data access methods, multi-terminal capability, and the ability to support a wide range of retail peripherals. TARA runs on ICL, NCR, Olivetti and IBM platforms amongst others.

In the UK, Thomas Cook travel agents and the fashion clothing company Oasis Stores have both implemented Computeraid retail solutions.

Oasis Stores began in the 1970s as a wholesaler with only two retail outlets. As such, its only IT requirement was a wholesale software package which ran on a DEC platform, for the purpose of managing orders and distribution.

However, as the company evolved into a larger operation with more stores, growing

to 30 in the early 1990s, major changes to the IT installation were needed.

EPoS terminals (TEM2600s) had originally been installed by Thorn Micrologic, with support and maintenance provided by Computeraid. However, in 1991, the stock of spare TEM2600s for new stores was running low. Oasis was concerned that applications on any new EPoS hardware should be as similar as possible to the existing TEM2600s. As Oasis had been impressed with Computeraid's support provision, they were keen also to implement the TARA application, (running on ICL9520's), which behaved like the existing TEM application.

Retail services solutions include:

- Retail Applications (based on open systems)
- Systems Support (hardware, software, networks)
- Product supply, configuration and implementation
- Helpdesk Services
- Training.

Retail support coverage is nationwide, 24 hours x 365 days a year.

System Watch Remote Networking Service

Computeraid has a comprehensive network services portfolio, as illustrated by Exhibit 4.

Exhibit 4

Network Services

- Network Consultancy and Design
- Network Implementation, Installation and Project Management
- Network Optimization and Tuning (Traffic Monitoring and Analysis)
- LAN Auditing
- Network Management and Support
- Building Cabling, Installation and Project Management
- Network Products and Supply

Source: Computeraid

At the end of 1995, Computeraid relaunched its remote networking service, System Watch, which provides continuous LAN monitoring, early detection of system problems and the ability to rectify problems before they become critical.

Computeraid claims that the service delivers significant cost reduction in administration and support compared with traditional network management methods.

While the service removes the customer's need for internal or external network support staff, Computeraid emphasises the importance of its highly trained team at the System Watch Centre, who are able to carry out rapid remedial action once alerted.

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Company Profile

A Publication from INPUT's Customer Services Programme - Europe

1996

ComputerVision's Services Focus Begins to Pay Off

ComputerVision Corporation produces and markets design automation, product data management, product visualisation and other engineering workgroup software products and related services on a worldwide basis. The company also provides a variety of value-added services, equipment and network maintenance services worldwide.

ComputerVision's decision to consolidate its activities in the early 1990s caused a dramatic decline in revenues (1992 worldwide revenues were nearly twice 1994 total revenues). However, the company's shift in focus towards IT services looks like providing it with the lifeline it has been seeking for some years.

This profile examines ComputerVision in terms of:

- The development and performance of the organisation
- Its current IT support services capability
- Its particular focus on providing third party service solutions for Sun systems.

Company Development

The company was established in the U.S. in 1972 as Prime Computer, Inc. In 1989, the company was acquired by DR Holdings Inc. of Delaware, and in 1992 a recapitalisation plan was implemented to reduce certain debts related to the acquisition. As part of this recapitalisation, the company's corporate name was changed to ComputerVision Corporation.

In August 1992, ComputerVision successfully floated the company on the U.S. Stock Exchange, trading under the CVN symbol.

Today, ComputerVision's mission is to be the first-choice technology solutions vendor for the manufacturing industry. Manufacturers use ComputerVision CAD/CAM and Engineering Data Management systems and the company's considerable industry knowledge to help reduce their product lead times, reduce their development and manufacturing costs and improve product quality.

Furthermore, ComputerVision's maintenance and technical support services provide added value to CAD/CAM investments through its own Specialist Services Operation.

The European HQ is in Basingstoke, England, and other UK offices include Coventry, Manchester and Cumbernauld. Northern Europe offices are located in Helsinki-Finland, Kista-Sweden, De Meern-Netherlands, Zaventem-Belgium and Sanvika-Norway. In the rest of Europe, ComputerVision operates subsidiaries in France, Germany and Italy.

In Europe, ComputerVision has approximately 140 hardware engineers, 170 software and 18 networking specialists. The UK has a slight lead over France and Germany, contributing approximately 30% of European revenues to their 25% each, with the other countries providing the remaining 20%.

Exhibit 1 provides a five-year overview of ComputerVision's financial performance worldwide. Exhibit 2 provides an analysis of ComputerVision's revenue by products and services for the period 1992 to 1994.

All European revenues are achieved in the industry sector of discrete manufacturing, where customers are mainly from the automotive and aerospace sector.

Exhibit 3 shows the estimated breakdown of ComputerVision's European revenues by INPUT delivery modes.

Exhibit 1

**ComputerVision
Five-Year Worldwide Financial Summary (\$ Millions)**

Year	1990	1991	1992	1993	1994
Revenues	1,289.9	1,212.7	1,065.6	827.3	573.6
Annual Growth Rate	N/A.	-6%	-12%	-22%	-31%
Net Profit	-70	-461	-225	-571	10
Earnings per share in \$	-1.40	-18.71	-6.09	-11.89	0.20

Source: ComputerVision

Exhibit 2

**ComputerVision
Breakdown of Revenue by Products
and Services, (\$ Millions)**

Products / Services	1992	1993	1994
Software Products	225.8	172.7	163.2
Software Services	124.5	123.4	119.8
Hardware Equipment	254.5	140.4	0
Hardware Services	460.7	390.8	290.7
Total	1065.6	827.3	573.6

Source: ComputerVision

Exhibit 3

**ComputerVision
Software and Services Revenues,
Europe, 1994 (\$ Millions)**

Delivery Mode	Revenues (\$ Millions)	Share
Systems Software Products	5	2%
Applications Software Products	85	30%
Professional Services	65	24%
Equipment Services	100	44%
Total Information Services	255	100%

Source: INPUT Estimates

Support Services Capability

Although still possibly better known for its CAD/CAM software, ComputerVision has been moving towards professional services and IT support over the last few years. In 1994, professional services and support activities generated approximately 70% of its total revenues (\$411M of \$574M, worldwide).

The company estimates that half of its service revenues are earned outside its traditional CAD/CAM base.

Its software skills are in demand in many areas, and its platform independence means that many of its customers have servers and workstations from a variety of hardware manufacturers, including Sun Microsystems, Digital, Hewlett-Packard, IBM and Silicon Graphics.

Consequently, ComputerVision recognised the need to offer its services in the *multivendor* marketplace. Building on its software expertise and understanding of the application environment, ComputerVision offers a range of high-value services, both in its traditional manufacturing sector, but in others too, most notably Finance.

It is notable that in Europe, ComputerVision has more software support engineers than hardware maintenance engineers; a ratio that is usually reversed in its major competitors.

In addition, ComputerVision's networking skills are reflected in its Novell accreditations as a Novell Authorised Service Centre and Novell Consulting Partner (NASC and NCP). Other accreditations include Authorised Business Partner for Silicon Graphics and Business Associate of IBM.

Corporate clients with enterprise networks form the major target for ComputerVision; it has achieved reasonable success with a customer base that ranges from ABB, Alcatel, BMW to Volkswagen, Volvo Truck and Westinghouse.

Still perceiving the major server and workstation suppliers as its largest threats, ComputerVision offers its independence and software skill levels as major factors in its ability to compete. Particularly in the CAD/CAM marketplace, its ability to provide integrated services from the application level to hardware maintenance are strengths possessed by few others.

ComputerVision's services focus largely on enterprise networks, and encompass the following:

- *Assessment or Evaluation.* Business and technology assessment and comparison against industry 'best practices'
- *Implementation.* Project management, systems and network integration, application customisation and education
- *Support.* Applications, data management software, network administration and support, operating system support and hardware maintenance.

On products such as Sun Sparcstations, these services are all provided by ComputerVision, whereas on others, ComputerVision manages the service delivery and uses others to provide some elements of the service, e.g. hardware maintenance of Silicon Graphics or Digital servers.

ComputerVision offers a variety of service offerings, including Premium Bundled Service (PBS), providing:

- Telephone software support (including out-of-hours, if required)
- Right-to-use new software revisions
- Patch notification and supply of patches
- Remote access to a bug database

- Subscription to a ComputerVision solutions CD
- Remote diagnosis
- 4-hour on-site hardware response (including out-of-hours, if required).

Other variants on this service are available, as customers wish. Software supported includes ComputerVision's own products, Digital OSF, Solaris, IRIS, AIX, HP/UX, Oracle and many others.

Major Focus on Sun Systems

Service on Sun products is highlighted as a major focus for ComputerVision. In 1993, SunSoft, the system software subsidiary of Sun Microsystems, named ComputerVision Services among the first of its elite Authorised Service Providers (ASPs). In the UK, the company is one of only two ASPs for SunSoft.

ComputerVision claims to be the largest independent service provider for Sun systems, with the most experience across the Sun range. Since 1984, ComputerVision has gained substantial Sun product knowledge and expertise, not only in workstations and servers, but also SunOS and Solaris operating systems and systems software.

ComputerVision offers simplified service management through One-Call Service for Sun and other multivendor environments.

The company also stresses the importance of optimising the use of Sun technology through training. Sun training and education programs, customised to specific systems, applications, and the entire business environment, are available at Computervision Services facilities around the world, or at the customer site.

INPUT Assessment

The CAD/CAM business has to a large extent been created on the strength of ComputerVision's market leadership and innovative software products.

However, in recent years, ComputerVision's performance has suffered in comparison with its competitors, many of whom have greater financial and operating resources.

ComputerVision also has a significantly higher debt-to-equity ratio and a higher cash debt service than most of its competitors, and a negative net worth.

That apart, ComputerVision's relatively new services business is well-positioned. ComputerVision Services is strongly network-centred, and is developing a portfolio of services to meet increasing demands for network-based multivendor services.

As the balance of expenditure has moved from datacentres to the desktop and mobile systems, so it has become clear that networks are the core resource requiring project and support services. ComputerVision is seeking market leadership in Europe and after three-years of dramatic streamlining is ready for new initiatives.

Having faced many challenges in the last few years, ComputerVision has recognised the need to focus on its core skills. Low-end maintenance activities have been replaced by higher value services.

Future developments are likely to include stronger marketing of its Netware and Solaris skills and initiatives to win more customers for its higher-value services.

This Company Profile is issued as part of INPUT's Customer Services Programme—Europe. If you have questions or comments on this profile, please call your local INPUT organisation or Paul Connolly at INPUT, Cornwall House, 55-77 High Street, Slough, Berkshire, 44 (0)1753-530444.

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- Research-based reports on trends, etc. (Over 100 in-depth reports per year)
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DATABASES

- Software and Services Market Forecasts
- Software and Services Vendors
- U.S. Federal Government
 - Procurement Plans (PAR)
 - Forecasts
 - Awards (FAIT)
 - Agency Procurement Requests (APR)

CUSTOM PROJECTS

For Vendors—analyse:

- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

For Buyers—evaluate:

- Specific vendor capabilities
- Outsourcing options
- Systems plans
- Peer position

OTHER SERVICES

Acquisitions/partnerships searches

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